Gartmore Balanced Assets Trust PLC

Report and Accounts for the year to 31st July 2003

Gartmore

Contents

The Group

Investment Objective (As approved by shareholders on 9th September 2002)
The Group seeks to produce the maximum total return realistically achievable and to ensure so far as practicable in the run-up to November 2004, the repayment date for the GBAT Securities PLC Zero Dividend Preference (ZDP) shares, that the Group's assets are in the form of marketable investments or cash, so that shareholders' entitlements to cash can be satisfied to the extent possible at that time (either from a liquidation or as a cash alternative to any other scheme which may be proposed).

Investment Policy (As approved by shareholders on 9th September 2002)
The Group will retain its equity portfolio and gradually dispose of its income share portfolio. Cash raised from such disposals will be invested in:

- large and mid-capitalisation UK equities (by which is meant any class of listed UK equity security with a market capitalisation in excess of £500 million at the time of investment); and\or
- sterling denominated investment grade corporate bonds (with a minimum rating at the time of investment of BBB with Standard & Poor's Rating Group or Baa3 with Moody's Investor Service, Inc. or equivalent) and other fixed interest securities; and/or
- shares of split capital investment trusts where the Manager believes that investing in such shares is not inconsistent with the objectives described above; and/or
- cash or near cash,

in any proportions from time to time.

There can be no assurance that the objectives referred to above will be met, or that any particular level of payment or indeed any payment, will be made on the ZDP shares in November 2004.

The Board and the Manager continue to implement the new investment policy agreed by shareholders in September 2002 to gradually dispose of its income share portfolio. The pace at which such disposals can proceed without sacrificing shareholder value in the process depends on market conditions, but the Board intend such holdings to be not more than 15% as soon as is reasonably possible.

Net Assets
£13,055,000 at 31st July 2003.

Shareholders' Funds
Equity shareholders Nil, non equity shareholders £13,055,000 at 31st July 2003.

Market Capitalisation
£10,210,000 at 31st July 2003.

Capital Structure
Gartmore Balanced Assets Trust PLC (the Company) is an investment trust company with a split capital structure which comprises 45,877,600 Ordinary shares and 31,971,646 ZDP shares issued by its subsidiary, GBAT Securities PLC.

Duration
The Company has an indefinite life, but given the current shortfall in assets required to meet the ZDP shares accrued entitlement the Directors expect that the Company will wind-up on the ZDP repayment date.

The GBAT Securities PLC ZDP shares are repayable on 1st November 2004 out of the available assets of the group.

Voting Structure
Ordinary shareholders are entitled to one vote for every Ordinary share held. The GBAT Securities PLC ZDP shares do not carry a right to vote at general meetings of the Company, however their approval is required in certain instances where the rights of the ZDP shareholders are affected.

Management Contract
The Group's investments are managed by Gartmore Investment Limited under an Agreement that provides for six months notice of termination to be given by either side.

Management Fee
0.6% per annum on Total Assets adjusted for the items described on page 14.

ISA Status
Maximum £7,000 in 2003/2004 tax year. The current ISA limit will remain until 5th April 2006.

AITC
The Company is a member of The Association of Investment Trust Companies.

Registered Office
Gartmore House, 8 Fenchurch Place, London EC3M 4PB.

Registered Number
3833163, England and Wales.

Overview

for the year to
31st July 2003

- Total return on total assets for the year of -9.7%. Total return on the equity portfolio was 4.1% compared with a rise of 3.4% on the FTSE All-Share Index
- Final entitlement of GBAT Securities PLC Zero Dividend Preference shares uncovered by 70%
- Ordinary shares have no asset backing at the year-end and ordinary dividends have been suspended for the foreseeable future

Share Classes

(listed according to priority of repayment entitlements)

GBAT Securities PLC (see appendix to this Report and Accounts)

Zero Dividend Preference (ZDP) shares
GBAT Securities PLC issued 31,971,646 Zero Dividend Preference (ZDP) shares of 0.001p each on 5th November 1999 at £1 each fully paid. The ZDPs were designed to provide a predetermined level of capital return to 1st November 2004, the date on which GBAT Securities PLC is due to be wound up in accordance with its articles of association.

The final capital entitlement of the ZDP shares of 149.35p represents a redemption yield of 8.3% per annum over the life of the ZDP shares, based on the issue price. The ZDP shares effectively rank ahead of the Gartmore Balanced Assets Trust PLC Ordinary shares, but behind the bank loan and other unsecured creditors.

At 31st July 2003 the final entitlement of the ZDP shares was covered only 0.3 times, so although the net asset value per share based on the entitlement accruing at 8.3% per annum was 133.4p, available assets amounted to only 40.8p per share. The assets of the Group would need to grow by 95.1% per annum from their level at 31st July 2003 to the ZDP shares' redemption date for the full entitlement to be met.

ZDP share holders do not have the right to receive Notice or vote at any General Meeting of Gartmore Balanced Assets Trust PLC. The ZDP shares will not normally entitle their holders to vote at meetings of GBAT Securities PLC, however they will have a right to vote in certain limited circumstances and their approval as a class will also be required for certain proposals which would be likely to affect their rights and position as described in the original prospectus.

On occasions when the ZDP holders are entitled to vote at general meetings of GBAT Securities PLC, every holder has one vote for every ZDP share held.

Special (Limited Rights) Preference shares
GBAT Securities PLC has 2,001 Special (Limited Rights) Preference shares of £1 each in issue.

On a winding up the holders of the Special (Limited Rights) Preference shares are subordinated to the ZDP shares but rank in priority to Ordinary shares.

Ordinary shares
GBAT Securities PLC has 1,500 Ordinary shares of £1 each in issue, all of which are held by its parent company, Gartmore Balanced Assets Trust PLC. Ordinary shareholders have the right to attend and vote at any General meeting of GBAT Securities PLC and are entitled to one vote in respect of each ordinary share held.

On a winding up of GBAT Securities PLC the holders of Ordinary shares are subordinated to the ZDP shares and the Special (Limited Rights) Preference shares and are entitled to any residual assets.

Gartmore Balanced Assets Trust PLC

Ordinary shares
The Company has 45,877,600 Ordinary shares of 1p each in issue. These shares are entitled to the surplus assets of the Company after the obligations in respect of the bank loan, unsecured creditors and the ZDP shares have been satisfied.

At 31st July 2003 the Ordinary shares had no asset backing and the assets of the Group would need to grow by 95.1% per annum from their level then to the ZDP shares' redemption date of 1st November 2004 before any assets will become attributable to them.

No dividends are expected to be paid to Ordinary shareholders in the foreseeable future.

Ordinary shareholders have the right to receive notice and vote at every General meeting of the Company. Every Ordinary shareholder has one vote for every Ordinary share held.

Given the high hurdle rate and the current shortfall in assets of £29,591,000 to cover the ZDP entitlement at 31st July 2003 the directors expect that the Company will wind-up on the ZDP repayment date of 1st November 2004.

IMPORTANT INFORMATION
Investors should note that the value of the Company's investments and the income from them can fluctuate and investors may not get back the full amount invested. In certain circumstances investors could lose all of their investment.

The Board of Directors

Alan Clifton (Chairman)

aged 56, was elected to the Board of Gartmore Balanced Assets Trust PLC on 14th May 2001 and succeeded Neville Bain as Chairman on 3rd September 2001. He was previously managing director of Morley Fund Management, the asset management arm of AVIVA PLC. He is a non-executive director of Schroder UK Growth Fund, International Bio Technology Trust, Britannic UK Income Trust, Henderson European Micro Trust and JP Morgan Fleming Japanese Smaller Companies Trust. He is a member of The Lord Chancellor's Strategic Investment Board.

Anthony Townsend

aged 55, has been on the Board of Gartmore Balance Assets Trust PLC from the time it was formed in November 1999, he is a non-executive director of BRIT Insurance Holdings, Finsbury Worldwide Pharmaceutical Trust, Finsbury Technology Trust, Finsbury Life Sciences Investment Trust, Finsbury Growth Trust, The Zero Preference Growth Trust and British and American Investment Trust. He is chairman of the AITC.

Chairman's Statement

This is the fourth annual report of the Gartmore Balanced Assets Trust PLC, formerly Gartmore Split Capital Opportunities Trust PLC.

Performance

Against a background of further volatility in the UK equity market and continuing difficulties in the split capital investment trust sector, the year under review proved to be disappointing for the Company. Performance was further adversely affected by the Board's decision to produce the financial statements on a non-going concern basis. The Board believes that this is the appropriate basis given the extremely high hurdle rate needing to be achieved and the impending ZDP repayment date.

The total return on the Company's assets, including the effects of the change in reporting basis was -9.7%, which largely reflects the poor absolute performance of the Company's remaining income share portfolio. As the UK equity market rallied significantly from the lows reached in mid-March immediately prior to war in Iraq, it is pleasing to note that income share prices have begun to recover as investor sentiment has improved. This has enabled the Managers to identify further realisation opportunities at acceptable valuations in accordance with the Company's modified investment policy, which was approved by shareholders at Extraordinary General Meetings held on 9th September 2002.

As at 31st July 2003, the proportion of the Company's assets invested in direct equities had been increased to 70%, with income shares comprising 18%. The upturn in the UK equity market enabled the Managers to reclaim money which had previously been held in a charged deposit account in order to prevent the Company from breaching its banking covenants. By the end of the year, approximately £3.0 million of total assets was held in cash or near cash, down from a high point of £5.5 million in March. The availability of cash in the latter half of the year enabled the Managers to take advantage of suitable investment opportunities as the UK equity market began to regain lost ground and was of benefit to the performance of the Company's direct equity portfolio, which produced a total return of 4.1% over the year in comparison with a return of 3.4% in the FTSE All-Share Index.

Ordinary Shares

As a result of the fall in value of the Group's assets, combined with the negative effects of gearing provided by the bank debt and the Zero Dividend Preference (ZDP) shares which rank ahead of the Ordinary shares, there is no asset value currently attributable to the Ordinary shares. The mid market closing price of the Ordinary shares fell to 1.0p over the year.

Zero Dividend Preference Shares

The net asset value of the ZDP shares, issued by GBAT Securities, the Company's subsidiary, fell by 22.7% to 40.8p, whilst the mid market closing price of the ZDP shares rose 84.8% to 30.5p. This reflects an improvement in underlying market sentiment and liquidity in the split capital sector as new investors have begun to look for investment opportunities in this segment of the UK equity market. However, at 31st July 2003, the consolidated net assets of the group were insufficient to cover the full final capital entitlement of the ZDP shares of 149.35p with cover having fallen to 0.3 times. At 31st July 2003 there was a shortfall in assets of £29.6 million to cover the ZDP entitlement at that date.

Dividends

Shareholders will be aware that during the Company's last financial year, it was necessary to suspend further dividend payments as the requirements of section 264 of the Companies Act had not been met. A further deterioration in the Company's financial position over the year under review has exacerbated the deficiency in net assets and it is envisaged that no dividend payments will be made in the foreseeable future.

Going Concern

The Company can only continue in operational existence past 1st November 2004 if either the investments of the Group generate a return in excess of 95.1% per annum in the period to 1st November 2004, or prior to that date the ZDP shareholders formally vote in favour of a proposal to re-structure their obligations such that their final entitlement does not mature on 1st November 2004.

As mentioned above, given the extremely high hurdle rate and the impending ZDP repayment date the Directors have concluded that they believe it is appropriate for the financial statements to be prepared on a break-up basis. The Company's investments have been stated at their net realisable values and provisions of £200,000 made for winding-up costs. The net realisable value of the Group's investments was approximately £370,000 lower than their mid-market valuations. This difference was virtually all attributable to the income shares.

Share Buy-Back Powers

In the light of the constraints imposed by the Company's existing banking covenants during the year under review, the Directors considered that it was not in shareholders' best interests to utilise their share buy-back powers. However, it is proposed that these powers should be renewed at the Company's forthcoming AGM, affording the Directors with the flexibility to utilise this option in the future should appropriate circumstances arise.

Resignation of Directors

On 22nd January 2003 Neil Osborn and Sir John Stanley resigned from the Board of Directors for personal reasons. I would like to thank them for their valuable work and support since the formation of the Company.

Outlook

The Company's assets continue to be managed with the objective of maximising total returns in the run-up to November 2004, the repayment date for the ZDP shares. Consequently, the Managers will continue to seek opportunities to dispose of the remaining income share portfolio and retain its more marketable direct equity holdings, seeking further investment opportunities or, where more appropriate, in cash and fixed interest securities.

Annual General Meeting

The Annual General Meeting for 2003 will be held at the Company's Registered Office on Monday 1st December 2003, at 11.00 a.m. This will be followed by a presentation by the Company's Managers.

Alan Clifton
Chairman
23rd October 2003

Managers' Review

Review of the year

UK economic growth has been resilient compared with that of many of its global peers, underpinned by a consumer sector buoyed by the low cost of borrowing and rising house prices. However, the uncertain global outlook and signs that domestic demand was weakening prompted the Bank of England to cut interest rates to a 48-year low of 3.5% in early July. The UK equity market experienced contrasting fortunes during the year under review. Continuing concerns over the outlook for corporate profits, and rising geopolitical tensions as war in Iraq became increasingly likely, meant the FTSE All-Share Index fell to a seven-and-a-half-year low in mid March. Subsequently, the UK equity market rebounded sharply as a successful outcome to the war in Iraq was quickly achieved. A revival in merger and acquisition activity and a broadly encouraging corporate results season in the UK and the US subsequently added momentum to the market's recovery. Indeed, an indicator of the marked improvement in investor sentiment has been the pronounced outperformance of mid 250 stocks and smaller companies, which largely comprise domestic businesses in cyclical and secular growth industries with comparatively little exposure to traditionally defensive areas.

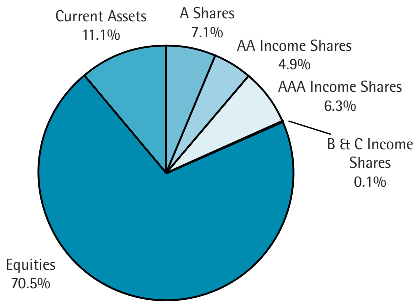
Sector trends mirrored this change in sentiment. Traditionally defensive areas of the market such as electricity, pharmaceuticals and personal care & household products performed relatively well over the second half of 2002 and in the first quarter of 2003, as investors continued to place a premium on cash generative companies with good earnings quality. Subsequently, cyclical sectors such as steel, mining, and electronics have returned to favour given their exposure to an anticipated recovery in the corporate earnings cycle, whilst areas exposed to the strength of consumer spending, such as retailers, leisure and autos, have also performed relatively well.

The volatility of UK equities during the year under review has also had a profound impact on the income share market, given the sensitivity of the latter to movements in the broader FTSE All-Share Index. There have now been 23 share listing suspensions in the split capital investment trust sector, principally those trusts with high levels of gearing and substantial crossholdings, due to effective insolvency whilst a further number have insufficient assets to cover liabilities. In addition, a significant number of split capital trusts have been unable to pay any dividends as they have not satisfied the provisions of s265 of the Companies Act, which prevents payments if assets are less than 1.5 times liabilities. This has detracted from investor sentiment and triggered further share price falls, particularly for cross invested funds where the dividend had been the main support for the share price. However, as the UK equity market recovered during the second quarter of 2003 sentiment in the income share market has improved, reflecting the recovery in underlying net asset values whilst the spectre of further dividend cuts has receded. This has made liquidity constraints less acute as new investors have entered the market to capitalise on valuation anomalies.

Strategy

Throughout the year, we held a diversified range of blue chip stocks in the Company's direct equity portfolio. However, pronounced market weakness during the first quarter of 2003 necessitated the disposal of a number of equity holdings to ensure that there was sufficient cash in a charged deposit account to comply with banking covenants. Overall, a relatively defensive stance had been maintained at this stage given the prevailing geopolitical uncertainty and concerns over the global economic outlook. Thereafter, as the market rallied from its low point in April and May, we took the opportunity to gradually reclaim some of the cash held in the offset account and capitalise on a number of attractive investment opportunities where restructuring or merger and acquisition activity had enhanced earnings growth prospects. We purchased a holding in building materials group Pilkington, which has improved its operating performance after disposing of non-core businesses whilst maintaining its dividend and generating high levels of cash. We also established a new holding in mining group Xstrata in the wake of its acquisition of Australia's MIM Holdings. This has the benefit of diversifying revenue streams away from South Africa and significantly boosts the potential for medium-term earnings growth.

Managers' Review



The letter rating of the income shares in the above graph denotes the exposure to split capital investment trusts (splits) and high yield funds as follows:

AAA	No investment in splits and high yield funds
AA	Less than or equal to 5% invested in splits and high yield bonds
A	Between 5 and 10% invested in splits and high yield funds
B	Between 10 and 25% invested in splits and high yield funds
C	More than or equal to 25% invested in splits and high yield funds

During the final months of the year under review, we continued to reclaim cash from the offset account, selectively investing in equities on the view that many share prices remained at attractive levels. In terms of sector weightings, exposure to banks was significantly increased as we added to holdings in Royal Bank of Scotland, HSBC, Lloyds TSB and Barclays. The interim results season had revealed a broadly encouraging outlook for the high street lenders, with valuations underpinned by above average yields and good prospects for dividend growth. Amongst more cyclical stocks, we purchased new holdings in building materials group Aggregate Industries and life assurer Aviva. The former had reported resilient interim results despite difficult market conditions with earnings growth potential from a combination of acquisitions, greenfield plant openings and increased public expenditure on road building. The share price of the latter had lagged its peers and presented a good opportunity to increase exposure to a sector that is particularly sensitive to the fortunes of the broader equity market.

As regards the income share portfolio, we have continued to look for realisation opportunities with the Company's modified investment objective, of increasing the proportion invested in more marketable assets, in mind. However, for much of the year under review liquidity in the income share market has remained very tight in the light of broader equity market conditions and the acute financial difficulties affecting a number of highly geared split capital investment trusts. However, as investor sentiment began to recover in the light of a sustained rally in the broader UK equity market, we took advantage of improved liquidity to dispose of our holding in M&G High Income, which was fully valued on the basis of the discounted value of its dividend stream, and sold our residual holding in Jupiter Financial. In addition, we took the opportunity to reduce our positions in Edinburgh High Income and Jupiter Enhanced on valuation grounds. We also disposed of a number of holdings at negligible prices, such as Framlington Global Financials, Edinburgh Leveraged Income, Technology & Income and American Investment Trust, where it is highly unlikely there will be any residual value in the income shares. At the end of July 2003, 99.6% of the income share portfolio comprised category 'AAA' and 'AA' income shares with few or no crossholdings and category 'A' income shares where at least 90% of the underlying portfolio is invested in assets other than the income shares of other split capital investment trusts.

Outlook

Corporate newsflow remains broadly supportive for UK equities. Cost cutting and productivity gains have been the driving force behind the first leg of the earnings recovery although outlook statements in the recent results season have erred on the side of caution. For the market to make substantial progress from current levels evidence of a significant upturn in top line growth is required. On this front, growing optimism on the prospects for the US economy, the driving force behind global growth, suggests we could start to see an upturn in capital spending feeding through in the fourth quarter. This would provide further impetus to the cyclical-led market rally in the UK equity market. In the meantime, ongoing corporate activity and the prospect that interest rates are likely to remain at historically low levels should help to underpin share prices.

Sentiment in the split capital investment trust sector is improving, and there has been a notable improvement in market liquidity which has been supportive for share prices in recent months, particularly those split capital trusts with low gearing and high quality underlying portfolios. Provided the upturn in the broader UK equity market is sustained, this should help to re-establish investor confidence in the sector and present further suitable realisation opportunities in the run up to November 2004.

GARTMORE INVESTMENT LIMITED
Managers
23rd October 2003

Financial Statistics
to 31st July 2003

Capital	At 31st July 2003	At 31st July 2002	Change %
Group Net Assets (£'000)	**13,055**	16,868	-22.6
Market Capitalisation of shares in issue (£'000)[1]	**10,210**	6,193	+64.9
Net Asset Value per Ordinary share[2]	**0.0p**	0.0p	–
Mid-market Price per Ordinary share	**1.00p**	2.0p	-50.0
Net Asset Value per GBAT Securities PLC Zero Dividend Preference share[2]	**40.8p**	52.8p	–22.7
Mid-market Price per GBAT Securities PLC Zero Dividend Preference share	**30.50p**	16.50p	+84.8
FTSE All-Share Index	**2,045.8**	2,050.8	-0.2

Revenue Return	Year to 31st July 2003	Year to 31st July 2002
Net Revenue return for the year (£'000)	**1,214**	3,887
Earnings per Ordinary share	**2.6p**	8.5p
Dividend per Ordinary share	**–**	3.0p
Total Return per Ordinary share:		
Revenue return (£'000)	**2.6p**	8.5p
Capital return	**(2.6)p**	(42.5p)
Total Return	**–**	(34.0p)

Total Return on:	Year to 31st July 2003	Year to 31st July 2002
Total Assets[3]	**(9.7)%**	(45.8)%
FTSE All-Share Index	**3.4%**	(20.8)%

1 Includes the Ordinary shares of Gartmore Balanced Assets Trust PLC and the Zero Dividend Preference shares of GBAT Securities PLC.

2 Based on attributable assets.

3 Excludes cost of debt.

Historical Record

Year ended 31st July	Group Net Assets £'000	Dividends Ordinary shares p	Net Asset Values Ordinary shares p	Net Asset Values GBAT Zero Dividend Preference shares p	Mid-Market Prices Ordinary shares p	Mid-Market Prices GBAT Zero Dividend Preference shares p
1999*	76,107	–	99.4	95.3	100.0	100.0
2000	71,153	7.5	84.1	101.9	87.5	104.3
2001	52,608	11.25	37.0	111.4	54.8	101.5
2002	16,868	3.0	–	52.8	2.0	16.5
2003	13,055	–	–	40.8	1.0	30.5

* At commencement of business at launch on 5th November 1999.

Analysis of Shareholders' Funds

Investments	Valuation at 31st July 2002 £'000	%	Net Transactions £'000	Appreciation/ (Depreciation) £'000	**Valuation at 31st July 2003 £'000**	**%**
GBAT Portfolio	26,733	158.5	(24,995)	21,442	**23,180**	**177.6**
GBAT Securities Portfolio	148	0.9	–	4	**152**	**1.1**
Total Investments	26,881	159.4	(24,995)	21,446	**23,332**	**178.7**
Net Current Assets	3,187	18.9	(13,464)	–	**(10,277)**	**(78.7)**
Total Assets, less Current Liabilities	30,068	178.3	(38,459)	21,446	**13,055**	**100.0**
Long-term Liabilities	(13,200)	(78.3)	13,200	–	–	–
Net Assets	**16,868**	**100.0**	**(25,259)**	**21,446**	**13,055**	**100.0**
Attributable to: GBAT Securities PLC Zero Dividend Preference shares	16,868	100.0	–	(3,813)	**13,055**	**100.0**
Ordinary shares	–	0.0	–	–	**–**	**0.0**
Capital Employed	16,868	100.0	–	(3,813)	**13,055**	**100.0**

Impact of Asset Growth Rates

The table below shows the assets that would be attributable, or amount repayable, in respect of each of the Company's Ordinary shares and each of GBAT Securities PLC's Zero Dividend Preference (ZDP) shares at 1st November 2004, the maturity date for the ZDP shares, if the Group's assets were to grow at the annual compound rate shown:–

Compound annual growth rate	Attributable assets or repayment per share: Ordinary share	ZDP share
0%	nil	40.8p
20%	nil	62.0p
40%	nil	84.2p
60%	nil	107.2p
100%	4.2p	149.35p

Analysis of the Group's Principal Investments at 31st July 2003

Company	Principal Activities	Valuation £'000	Percentage of listed Investments
HSBC Holdings	Retail and Commercial Banking	1,783	7.6
Glaxosmithkline	Pharmaceuticals	1,193	5.1
Vodafone Group	Telecommunications	1,169	5.0
The City of Oxford Geared Income Trust	Investment Company	1,091	4.7
Royal Bank of Scotland	Retail and Commercial Banking	913	3.9
Shell Transport & Trading	Integrated Oil Products	907	3.9
Martin Currie Enhanced Income Trust	Investment Company	732	3.1
Lloyds TSB Group	Retail and Commercial Banking	700	3.0
Barclays	Retail and Commercial Banking	694	3.0
Edinburgh High Income Trust	Investment Company	689	3.0
BP	Integrated Oil Products	574	2.5
Jupiter Enhanced Income Investment Trust	Investment Company	471	2.0
Gartmore SNT	Investment Company	400	1.7
BT Group	Telecommunications	382	1.6
Imperial Tobacco	Tobacco	348	1.5
Prudential	Life Assurance	346	1.5
Kingfisher	Retailers	337	1.5
Tesco	Retailers	322	1.4
Murray Global Return Trust	Investment Company	327	1.4
HBOS	Retail and Commercial Banking	322	1.4
Legal & General	Life Assurance	295	1.3
British Sky Broadcasting	Media & Entertainment	291	1.2
Associated British Foods	Consumer Goods	279	1.2
Reed Elsevier	Media & Entertainment	269	1.1
National Grid	Utilities	256	1.1
Twenty-five largest investments		15,090	64.7
Other investments (73)		8,242	35.3
Total listed investments		**23,332**	**100.0**

The above valuations are stated at their net realisable values based on bid prices.

Report of the Directors

The Directors submit their Report and Accounts for the year ended 31st July 2003.

Business and Status

The Company was incorporated on 24th August 1999 and its shares were listed on the London Stock Exchange on 5th November 1999. On 11th September 2002 the Company changed its name from Gartmore Split Capital Opportunities Trust PLC to Gartmore Balanced Assets Trust PLC and its subsidiary changed its name from GSCOT Securities PLC to GBAT Securities PLC. The Company is an investment trust company and a member of the Association of Investment Trust Companies. The Company and its subsidiary, GBAT Securities PLC, are both registered as public limited companies and each is an investment company as defined by Section 266 of the Companies Act 1985.

The Company has been approved as an investment trust by the Inland Revenue for the year ended 31st July 2002. Since that date the Company has directed its affairs so as to be able to qualify for approval by the Inland Revenue as an investment trust.

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Revenue and Dividends

The consolidated revenue for the year, after expenses and taxation, amounted to £1,214,000 (2002: £3,887,000). The Directors announced the suspension of dividend payments on 18th February 2002. No dividends were paid in the year (2002: £1,376,000) and £1,214,000 (2002: £2,511,000) will be transferred to Revenue reserve.

Net Assets

At 31st July 2003, the value of Group Net Assets amounted to £13,055,000 (2002: £16,868,000).

Directors

The current Directors of the Company, who are non-executive and are independent of the managers are shown on page 5. Two other independent non-executive Directors, Neil Osborn and Sir John Stanley, also served during the period to 22nd January 2003. Anthony Townsend will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Directors' Interests in Shares

The Directors held the following interests, which are beneficial, in the share capital of the Group at 31st July 2003. There were no changes from 31st July 2003 to the date of this report.

	31st July 2003		1st August 2002	
	Zero Dividend Preference shares	**Ordinary shares**	Zero Dividend Preferemce shares	Ordinary shares
Alan Clifton	**20,000**	**–**	20,000	–
Anthony Townsend	**–**	**10,000**	–	10,000

No Directors hold non-beneficial interests.

No Director has a contract of service with the Company. There were no contracts or arrangements at any time during the year or since in which a Director of the Company was materially interested, either directly or indirectly.

Substantial Shareholders

At the date of this report, the Company had been notified under Section 198 of the Companies Act 1985 of the following interests in the Company's Ordinary shares:

	Number		Ordinary % of class
Ordinary shares			
Aberdeen Asset Managers			22.8
Second St Davids Investment Trust	6,500,000	14.2	
Aberdeen High Income Trust	3,422,594	7.5	
Aberdeen Convertible Income Trust	500,000	1.1	
Collins Trust	9,217,052		20.1
Jupiter Asset Management			
Private Clients	4,440,422		9.7
Edinburgh Fund Managers			5.0
Edinburgh High Income Trust	1,700,000	3.7	
Edinburgh Leveraged Income Trust	600,000	1.3	
Quilter Global Enhanced Fund	2,170,000		4.7
AIB Govett Asset Management			4.5
Govett European Technology & Income Trust	580,000	1.3	
Govett High Income Investment Trust	536,000	1.2	
Govett Euroenhanced Investment Trust	500,000	1.1	
Govett Equity Monthly Income Funds	220,000	0.5	
Govett Enhanced Income Investment Trust	174,000	0.4	
Merrill Lynch			
Various clients	2,000,000		4.4

Management and Custody Agreements

The Group's investments are managed by Gartmore Investment Limited under a Management, Secretarial and Administration Agreement which provides for six month's notice of termination to be given by either side. A management fee calculated at 0.6% per annum on the value of Total Assets, less Current Liabilities of the Group (other than any borrowings for the purposes of investment), is payable by the Company at the end of each calendar month. The Bank of New York provides custodian services to the Group under an agreement with the Company. Gartmore managed investments within the portfolio are excluded from total assets for the purpose of calculating the management fee. A fee of £60,000 excluding VAT is charged for Company secretarial services.

Duration

The Company has an indefinite life, but given the extremely high ZDP hurdle rate the Directors expect that the Company will wind-up on the ZDP repayment date of 1st November 2004.

Going Concern

The Company can only continue in operational existence past 1st November 2004 if either the investments of the Group generate a return in excess of 95.1% per annum in the period in the period to 1st November 2004, or prior to that date the ZDP shareholders formally vote in favour of a proposal to re-structure their obligations such that their final entitlement does not mature on 1st November 2004.

Given the extremely high hurdle rate and the impending ZDP repayment date the Directors have concluded that they believe the business cannot be regarded as a going concern and that it is appropriate for the financial statements to be prepared on a break-up basis. The Company's investments have been stated at their net realisable values and provisions made for winding-up costs.

Report of the Directors

Supplier Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the equity markets in which it operates. All other creditors are settled on the due date for payment. The Company does not have trade creditors.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as Auditors to the Company. A resolution proposing their re-appointment and authorising the Directors to determine their remuneration will be submitted at the forthcoming Annual General Meeting.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
23rd October 2003

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the Company and of the Group as at the end of the year, and of the revenue of the Company and of the Group for the year then ended. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors confirm that they have complied with the above requirements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and of the Group, for maintaining adequate systems of internal control, and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and of the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company's financial statements are published on www.gartmore.com, which is a website maintained by the Company's Managers. The work undertaken by the Auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their own jurisdiction.

Corporate Governance Statement

Introduction

The Group is committed to maintaining high standards of corporate governance. Pursuant to the Listing Rules of the Financial Services Authority, the Group is required to provide shareholders with a statement of how the principles set out in Section 1 of the Combined Code (the Code) have been applied and whether it has complied with the provisions of the Code.

The Board has established arrangements which it believes are appropriate to an investment trust company. The following statement describes how the Principles of Good Corporate Governance have been applied and the Code followed.

The Board

The Board consists of two non-executive Directors, both of whom are independent of the Company's Managers. The Board does not consider it necessary to appoint a senior independent director other than the Chairman. The brief biographies for each Director, on page 5, demonstrate a wide range of investment, commercial and professional experience.

Two other non-executive directors resigned on 22nd January 2003.

The Board as a whole fulfils the function of the Remuneration Committee.

The whole Board, rather than a separate Nominations Committee, considers the appointment of new Directors. Directors are subject to appointment by shareholders at the first Annual General Meeting following their appointment by the Board. In accordance with the Articles of Association, one third of the Directors will retire on the occasion of each Annual General Meeting and, being eligible, offer themselves for re-election.

This not withstanding, the Articles of Association contain an overriding requirement that each director should retire and, if so desired, be submitted for re-appointment at least every three years.

There is a formal schedule of matters specifically reserved for decision by the Board. The Board meets regularly and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Group.

The Directors have access to the advice and services of the corporate company secretaries, Gartmore Investment Limited, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any question of the removal of the company secretaries is a matter for the Board as a whole. Procedures are also in place for individual Directors to seek independent professional advice on any matter concerning them in the furtherance of their duties at the expense of the Company.

Board Committees

The Board has established an Audit Committee with defined terms of reference and which comprises all the Directors of the Company. Since 22nd January 2003 this committee has had only two members. The Audit Committee meets twice a year and has formal arrangements for considering financial reporting and internal control matters as detailed below, and for maintaining an appropriate relationship with the Group's Auditors. The Management Engagement Committee is responsible for reviewing the management contract on a regular basis and ensuring its terms are fair and reasonable.

Shareholder Relations

The Board recognises the importance of maintaining and improving communication between the Group and its shareholders. The Managers meet with institutional shareholders on a regular basis and report to the Board on matters raised at these meetings. All shareholders are encouraged to attend and vote at the Company's Annual General Meeting, as this provides private shareholders with a valuable opportunity to meet the Directors and the investment managers, to convey their views on the Group's performance and to discuss issues affecting the Company.

Statement of Compliance

The Board believes that, insofar as they are relevant to the Company's business as an investment trust company, the Company and the Group have complied with the provisions of the Code throughout its financial year to 31st July 2003.

Corporate Governance Statement

The Association of Investment Trust Companies' Code of Corporate Governance (the "AITC Code") was published on 21st July 2003. The Board intends to adopt and adhere to those principles and recommendations of the AITC Code appropriate to the Group's circumstances.

Internal Control

The Directors are responsible for the Company's system of internal control.

The Combined Code requires the Directors to review the effectiveness of the Group's systems of internal control, covering all controls including business, operational, compliance and financial risk.

Unlike the boards of most other listed companies, the boards of investment trust companies obtain the majority of their evidence as to whether internal controls are operating effectively from third party suppliers to whom investment management, custody, accounting and secretarial matters have been delegated. This means that an appreciation of internal controls for an investment trust company requires directors to consider information from a number of independent sources, compared to a consolidated single source covering a typical listed company's system of internal controls.

The Directors have reviewed the information provided to them. Subject to reliance on third parties as mentioned above, the Directors have reviewed the effectiveness of internal controls and are able to confirm that the internal controls in operation during the period from 1st August 2002 to the date of this report are appropriate to its business activities and methods of operation.

The Group has fully complied with the provisions set out in the Turnbull guidance throughout the year to 31st July 2003 and to the date of this report.

There is an ongoing process for identifying, evaluating and managing the significant risks to the Group. This process, which is regularly reviewed by the Board and accords with the Turnbull guidance, has been in place throughout the year under review and up to the date of the annual report and accounts. Systems are in operation to safeguard the Group's assets and the shareholders' investment, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As such, the Group's systems of internal control are designed to manage rather than eliminate the risks of not achieving the Group's objectives and the system of internal control provides reasonable, but not absolute, assurance against material misstatement or loss.

Under the terms of the Investment Management Agreement and the Company Secretarial and Administration Agreement, referred to on page 14, Gartmore Investment Management provides investment management, accounting and secretarial services to the Group. Accordingly, employees of the Gartmore group (Gartmore) maintain all the financial arrangements associated with the day-to-day management of the Group. A clearly defined investment strategy is set for the Managers and monitored by the Board, which regularly reviews the Group's investments, liquid assets and liabilities, investment transactions, and revenue and expenditure. The Managers are responsible for day-to-day monitoring of the Group's investments, and for exercising voting rights effectively and responsibly but overridingly in the best interests of the Group. The Investment Management Agreement is approved and regularly reviewed by the Board as a whole.

Gartmore's systems of internal control include organisational arrangements with clearly defined lines of responsibility and delegated authority, as well as control procedures and systems, which are regularly evaluated and internally audited. The Directors review reports from Gartmore on a regular basis as regards those aspects of Gartmore's systems relevant to the provision of services to the Group.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
23rd October 2003

Directors' Remuneration Report

The Directors submit this report in accordance with the requirements of Schedule 7A to the Companies Act 1985, which applies for the first time for the financial year ended 31st July 2003. An Ordinary resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting.

The law requires your Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 20 and 21.

Remuneration Committee

The Board is comprised solely of non-executive Directors and is, therefore, exempt under the Financial Services Authority Listing Rules from appointing a separate Remuneration Committee. The Board as a whole accordingly fulfils the function of the Remuneration Committee. As such, for the period to 22nd January 2003 the Remuneration Committee comprised Alan Clifton, Anthony Townsend, Neil Osborn and Sir John Stanley and thereafter comprised Alan Clifton and Anthony Townsend.

Policy on Directors' Fees

In accordance with the Company's Articles of Association, the aggregate remuneration of the Directors may not exceed £100,000 per annum or such higher amount as, from time to time, be determined by an Ordinary resolution of the Company. Subject to this overall limit, the Boards' policy is that remuneration of non-executive Directors should be comparable to that of other investment trusts of a similar size, which have a similar capital structure and similar investment objectives and should be set at a level sufficient to attract and retain directors of the calibre required to direct the Group. It is intended that this policy will continue for the year to 31st July 2004 and to the expected wind-up date in November 2004.

The Board believes that the current annual fee rates of £15,000 for the Chairman and £12,000 for each of the other Directors remain appropriate at the present time. Non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits.

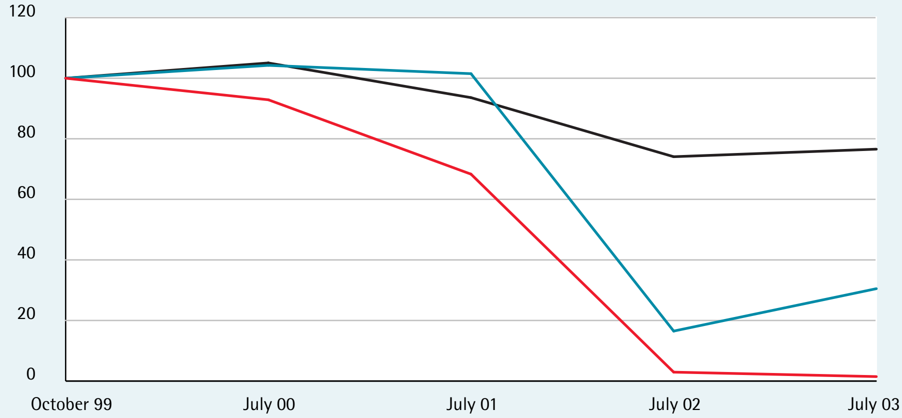
Directors' Service Contracts

It is the Board's policy that none of the Directors should have a service contract. Letters to Alan Clifton and Anthony Townsend, dated 21st May 2001 and 8th December 1999 respectively, confirm and set out the initial terms of their appointment as directors. Directors are required to retire and be subject to appointment by shareholders at the first Annual General Meeting following their appointment by the Board, and be subject to re-appointment in accordance with the requirements of the Code. Directors may be removed without notice and compensation will not be due on leaving office.

Anthony Townsend is next due for re-election at the Annual General Meeting to be held on 1st December 2003. Alan Clifton will be due for re-election at the 2004 Annual General Meeting.

Directors' Remuneration Report

Performance Graph



Source: Datastream

The Graph above compares the Ordinary and ZDP share price, dividends reinvested, with a broad equity market index, the FTSE All-Share Total Return Index.

Directors' Emoluments for the Year (Audited)

The Directors received the following emoluments in the form of fees:

	2003	2002
Alan Clifton	**£15,000**	£15,000
Anthony Townsend	**£12,000**	£12,000
John Stanley (resigned 22/1/03)	**£5,728**	£12,000
Neil Osborn (resigned 22/1/03)*	**£5,728**	£12,000
Neville Bain (resigned 1/9/01)	**–**	£2,000
	£38,456	£53,000

No other emolument or pension contributions were paid to or on behalf of any Director.

* Emoluments paid to a third party.

A H Clifton
Chairman

Approved by the Board
23rd October 2003

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GARTMORE BALANCED ASSETS TRUST PLC

We have audited the Group's financial statements for the year ended 31st July 2003 which comprise the Group Statement of Total Return, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 28. These financial statements have been prepared on the basis of the accounting policies set out therein. The financial statements have been prepared on the break-up basis. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the The Group, Overview, Share Classes, The Board of Directors, Chairman's Statement, Manager's Review, Financial Statistics, Historical Record, Analysis of Shareholders' Funds, Impact of Asset Growth Rates, Analysis of the Company's Principal Investments, Report of the Directors, Corporate Governance Statement, the unaudited part of the Directors' Remuneration Report, Notice of Meeting, Useful Information for shareholders, The Managers, Investing in Gartmore Investment Trusts and Glossary of Investment Trust Terms. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st July 2003 and of the net return of the Group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
23rd October 2003

Group Statement of Total Return

For the year to 31st July 2003

	Notes	Year to 31st July 2003 Revenue £'000	Capital £'000	Total Return £'000
Income and Capital Profits				
Dividends and other income	2	2,179	–	2,179
Net loss on investments	3	–	(4,420)	(4,420)
Return before Expenses, Finance Costs and Taxation		2,179	(4,420)	(2,241)
Expenses	4			
Management fees		(65)	(98)	(163)
Other expenses		(546)	23	(523)
Return before Finance Costs and Taxation		1,568	(4,495)	(2,927)
Finance Costs				
Interest payable	5	(354)	(532)	(886)
Return before Taxation		1,214	(5,027)	(3,813)
Taxation	6	–	–	–
Return after Taxation		1,214	(5,027)	(3,813)
Non Equity Minority Interest	7	–	3,813	3,813
Transferred to/(from) Reserves	21	1,214	(1,214)	–
Total Return per Ordinary share	23	2.6p	(2.6)p	–

The Revenue column above represents the Revenue Account of the Group.

All revenue and capital items derive from continuing operations.

The Notes on pages 27 to 37 form part of these Accounts.

Group Statement of Total Return (Comparative)

For the year to 31st July 2002 (Restated)

	Notes	Year to 31st July 2002 (Restated) Revenue £'000	Capital £'000	Total Return £'000
Income and Capital Profits				
Dividends and other income	2	5,077	54	5,131
Net loss on investments	3	–	(37,016)	(37,016)
Return before Expenses, Finance Costs and Taxation		**5,077**	**(36,962)**	**(31,885)**
Expenses	4			
Management fees		(150)	(225)	(375)
Other expenses		(335)	(200)	(535)
Return before Finance Costs and Taxation		**4,592**	**(37,387)**	**(32,795)**
Finance Costs				
Interest payable	5	**(628)**	**(941)**	**(1,569)**
Return before Taxation		**3,964**	**(38,328)**	**(34,364)**
Taxation	6	**(77)**	**77**	**–**
Return after Taxation		**3,887**	**(38,251)**	**(34,364)**
Non Equity Minority Interest	7	**–**	**18,762**	**18,762**
Return to Equity Shareholders		**3,887**	**(19,489)**	**(15,602)**
Appropriate to Equity Shareholders				
Dividends – Ordinary shares	8	**(1,376)**	**–**	**(1,376)**
Transferred to/from Reserves	21	**2,511**	**(19,489)**	**(16,978)**
Total Return per Ordinary share	23	**8.5p**	**(42.5)p**	**(34.0)p**

The Revenue column above represents the Revenue Account of the Group.

All revenue and capital items derive from continuing activities.

The Notes on pages 27 to 37 form part of these Accounts.

Group Balance Sheet
at 31st July 2003

	Notes	At 31st July 2003 £'000	(Restated) At 31st July 2002 £'000
Fixed Assets			
Listed investments	9	–	26,881*
Current Assets			
Listed investments	9	**23,332****	–
Debtors: Amounts receivable within one year	10	**285**	1,780
Cash at bank		**3,074**	1,845
		26,691	3,625
Creditors: Amounts payable within one year	11	**(13,636)**	(438)
Net Current Assets		**13,055**	3,187
Total Assets, less Current Liabilities		**13,055**	30,068
Creditors: Amounts payable after one year	12	–	(13,200)
Net Assets		**13,055**	16,868
Capital and Reserves			
Called-up share capital	16	**459**	459
Special reserve	17	**42,509**	42,509
Other reserves:			
Capital reserve – Realised	18	**(21,144)**	1,516
Capital reserve – Unrealised	19	**(26,851)**	(48,297)
Revenue reserve	20	**5,027**	3,813
Equity Shareholders' Funds		–	–
Minority interests		**13,055**	16,868
Capital Employed	21	**13,055**	16,868
Available Net Asset Value per Share:			
Ordinary Shares	22	**Nil**	Nil
Zero Dividend Preference Shares	22	**40.8p**	52.8p

The net assets attributable to each class of share have been calculated in accordance with the Articles of Association and the revised Statement of Recommended Practice for the Financial Statements of Investment Trust Companies issued in January 2003.

* Listed investments stated at mid-market prices.

** Listed investments stated at their net realisable values based on bid prices.

The Notes on pages 27 to 37 form part of these Accounts.

Company Balance Sheet
at 31st July 2003

	Notes	At 31st July 2003 £'000	At 31st July 2002 £'000
Fixed Assets			
Listed investments	9	–	26,733*
Current Assets			
Listed investments	9	**23,180****	–
Debtors: Amounts receivable within one year	10	**285**	1,780
Cash at bank		**3,038**	1,826
		26,503	3,606
Creditors: Amounts payable within one year	11	**(56,094)**	(641)
Net Current (Liabilities)/Assets		**(29,591)**	2,965
Total Assets Less Current Liabilities		**(29,591)**	29,698
Creditors: Amounts falling due after more than one year	12	–	(51,810)
Net Liabilities		**(29,591)**	(22,112)
Capital and Reserves			
Called-up share capital	16	**459**	459
Special reserve	17	**42,509**	42,509
Other reserves:			
Capital reserve – realised	18	**(50,692)**	(20,574)
Capital reserve – unrealised	19	**(26,835)**	(48,277)
Revenue reserve	20	**4,968**	3,771
Equity Shareholders' Funds	21	**(29,591)**	(22,112)
Available Assets per share (as per Articles):			
Ordinary shares	22	**Nil**	Nil
Net Asset Value per Ordinary share (as per FRS4):			
Ordinary shares	22	**(64.5p)**	(48.2p)

Alan Clifton
Chairman

Approved by the Board
23rd October 2003

* Listed investments stated at mid-market prices.

** Listed investments stated at their net realisable values based on bid prices.

The Notes on pages 27 to 37 form part of these Accounts.

Group Statement of Cash Flows

to 31st July 2003

	Notes	Year to 31st July 2003 £'000	Year to 31st July 2002 £'000
Operating Activities			
Net dividends and interest received from investments		**2,034**	5,187
Interest received on deposits		**143**	136
Other income		**6**	15
Expenses paid, allocated to revenue		**(395)**	(490)
Expenses paid, allocated to capital		**(244)**	(223)
Net cash inflow from operating activities	25	**1,544**	4,625
Statement of Cash Flows			
Net cash inflow from operating activities	25	**1,544**	4,625
Servicing of Finance			
Interest paid		**(940)**	(1,579)
Dividends paid		**–**	(2,638)
Net cash outflow from servicing of Finance		**(940)**	(4,217)
Taxation			
Income tax recovered		**–**	110
Financial Investment			
Acquisitions of investments		**(8,802)**	(17,405)
Disposals of investments		**9,427**	20,943
Net cash inflow from financial investment		**625**	3,538
Cash inflow before management of liquid resources and financing		**1,229**	4,056
Management of liquid resources			
Increase in short-term deposits		**(2,000)**	–
Financing			
Bank Loans		**–**	(6,000)
Net cash outflow from financing		**–**	(6,000)
Net Cash Outflow	26	**(771)**	(1,944)

The Notes on pages 27 to 37 form part of these Accounts.

Notes to the Accounts

1. Accounting Policies

The Accounts have been prepared in accordance with applicable accounting standards and with the revised Statement of Recommended Practice for the Financial Statements of Investment Trust Companies (SORP) issued in January 2003. Treatment of the Minority Interest in the Group statements varies, under the SORP, from the treatment under FRS4 last year. In particular, the value of assets attributable to Minority Interest is limited to the assets available whereas previously the predetermined entitlement was attributed. Comparatives have been restated where appropriate. Specifically, Equity Shareholders' interest at 31st July 2002 increased from a deficiency of £22,112,000 in last year's accounts to Nil whereas Minority Interest reduced from £38,980,000 to £16,868,000. At 31st July 2003 the Equity Shareholders' interest would have been shown as a deficiency of £29,591,000 and Minority Interest as £42,646,000 under FRS4 rather than Nil and £13,055,000 respectively as shown in these accounts. Total return for the year would have shown an adverse return of £7,479,000 (2002: adverse £39,090,000) under FRS4 rather than nil (2002: adverse £16,978,000) as shown in these accounts.

The principal accounting policies adopted are described below.

Accounting Period

These Accounts cover the year from 1st August 2002 to 31st July 2003.

Accounting Convention

The financial statements have been prepared on a break-up basis reflecting the likelihood that the company will wind up on 1st November 2004, being the repayment date for the GBAT Securities ZDP shares. Accordingly, all assets and liabilities have been reclassified as current assets and liabilities. All listed investments have been stated at their realisable values. A provision has been made for the costs for winding up the Group. It is assumed that bank loans will be repaid on their due date of 1st November 2004, so no breakage costs have been accrued.

Basis of Consolidation

The Group Accounts comprise the audited Accounts of the Company and its subsidiary drawn up to the Balance Sheet date. The Revenue Account is only presented in consolidated form, as provided by Section 230 of the Companies Act 1985. Net revenue after taxation of the Company for the year amounted to £1,197,000 (2002: £3,881,000).

Revenue and expenses

Revenue includes dividends from investments marked ex-dividend on or before the balance sheet date, with the exception of dividends of a capital nature which are credited to Capital reserve. In accordance with Financial Reporting Standard No. 16 'Current Tax', UK franked dividends are shown exclusive of any tax credit.

Except as disclosed above, no transfer is made to or from Capital reserve in respect of income accrued at the date of acquisition or disposal of investments.

Deposit and bond interest receivable, expenses and interest payable are recognised on an accruals basis.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting on the basis of enacted tax rates.

Investments

Investments are treated as current assets and are shown in the balance sheet at their realisable values.

The difference between book cost and valuation is shown under Capital reserve – unrealised.

Listed investments are all listed in Great Britain and have been valued at their net realisable value at the close of business on the balance sheet date. Investments in subsidiaries are shown in the Company's balance sheet at their net asset value at the balance sheet date.

Profits or losses on realisation of investments are taken to Capital reserve – realised in accordance with the Articles of Association of the Company and its subsidiaries.

No provision for taxation is required in respect of any realised or unrealised appreciation of investments which arises as the Company expects to continue to qualify as an investment trust for tax purposes.

Allocations to Capital reserve

In line with previous years, sixty percent of management fees (including value-added tax thereon) and of finance costs of the Company are allocated to Capital reserve. Tax relief in respect of such allocations, is allocated to Capital reserve – realised on a marginal basis.

2. Dividends and Other Income

	2003 Group £'000	2002 Group £'000
Income from listed investments:		
UK franked dividends	**1,915**	3,772
UK unfranked income	**107**	1,161
Bond income	**8**	47
	2,030	4,980
Interest on deposits	**143**	136
Underwriting commission	**6**	15
	2,179	5,131
Allocated:		
Revenue	**2,179**	5,077
Capital	**–**	54
	2,179	5,131

3. Net Loss on Investments

	2003 Group £'000	2002 Group £'000
Net loss realised on disposal of investments based on historical cost	**(25,866)**	(7,495)
Less: Amounts recognised as unrealised in earlier years	**23,514**	(2,772)
Net realised (loss) based on carrying value of at previous balance sheet date	**(2,352)**	(10,267)
Net unrealised depreciation arising during the year	**(2,068)**	(26,749)
	(4,420)	(37,016)

4. Expenses

	2003 Group £'000	2002 Group £'000
Management fee	**139**	319
Value-added tax	**24**	56
	163	375
Other fees and expenses:		
Directors' fees	**38**	53
Auditors' remuneration – audit services	**15**	11
Auditors' remuneration – non-audit services	**47**	–
Secretarial fee	**71**	71
General expenses	**352****	400
	686	910
Allocated:		
Revenue	**611**	485
Capital	**75**	425*
	686	910

60% of Management fees, including applicable value-added tax, are charged to Capital reserve. Details of the management agreement are given in the Directors' Report on page 14.

* Includes accrued costs of issuing proposal circular of £200,000.

** Includes a provision for winding-up costs of £200,000.

5. Interest Payable	2003 Group £'000	2002 Group £'000
Interest on fixed bank loans allocated to:		
Revenue	**354**	628
Capital	**532**	941
	886	1,569

60% of loan finance costs are charged to Capital reserve.

6. Taxation

The tax credit of £77,000 for 2002 allocated to Capital from Revenue had been calculated using the "marginal" method, whereby tax relief is attributed to capital only to the extent that capitalised expenses and interest are relieved against income. There is no such tax credit for 2003.

Analysis of charge for period	2003 Revenue £'000	2003 Capital £'000	2002 Revenue £'000	2002 Capital £'000
Current tax				
Tax relief to capital	–	–	77	(77)
Total current tax	–	–	77	(77)

Factors affecting current tax charge for the period:
The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a large company, 30% (2002: 30%). The differences are explained below:

	2003 £'000	2002 £'000
Revenue return before taxation	**1,214**	3,964
Corporation tax at 30%	**364**	1,189
Effects of:		
Non-taxable UK dividends	**(574)**	(1,115)
Non-deductible expenses for tax purposes	**63**	3
Unrelieved expenses	**147**	–
Current tax charge for the period	**–**	77

No tax charge arises in respect of the Company's capital return for the year, as the Company expects to continue to qualify as an investment trust for tax purposes, thereby rendering capital profits exempt from tax.

There is an unrecognised deferred tax asset of £726,000 (2002: £390,000) which relates to unutilised management expenses and non-trading loan relationship deficits.

The deferred tax asset would only be recovered if the Company were to generate sufficient taxable profits in the future to utilise these expenses. It is considered too uncertain that the company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

7. Non Equity Minority Interest	2003 £'000	2002 £'000
Non-Equity Minority Interest entitlement as per FRS4	**3,666**	3,350
Add back for shortfall in available assets	**(7,479)**	(22,112)
Non-Equity Minority Interest	**(3,813)**	(18,762)

8. An interim dividend of £1,376,000 was paid in December 2001. No subsequent dividends have been paid.

9. Listed Investments at Valuation	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Investments held as current assets:				
Book cost brought forward	**75,178**	**75,010**	89,050	87,556
Acquisitions at cost	**8,908**	**8,908**	15,955	15,955
Disposals at cost	**(33,903)**	**(33,903)**	(29,827)	(28,501)
Book cost at 31st July	**50,183**	**50,015**	75,178	75,010
Unrealised depreciation of investments	**(26,851)**	**(26,835)**	(48,297)	(48,277)
Valuation of investments at 31st July	**23,332***	**23,180***	26,881**	26,733**
Shares of split capital investment trusts	**4,818**	**4,666**	12,454	12,306
Other listed investments	**18,514**	**18,514**	14,427	14,427
Valuation of investments at 31st July	**23,332**	**23,180**	26,881	26,733

* Investment stated at their realisable values based on bid prices.
**Investment stated at mid-market prices.

The financial statements have been prepared on a break-up basis reflecting the likelihood that the Company will wind up on 1st November 2004. Accordingly, listed investments have been reduced to their net realisable values. The net realisable value of the Group's investments based on bid market prices at 31st July 2003 was approximately £370,000 lower than their mid-market valuation. As the financial statements have been prepared on a break-up basis, listed investments have been classified as current assets at 31st July 2003 and as fixed assets at 31st July 2002.

All of the Group's investments are listed in Great Britain.

The Group's investments are registered in the name of nominees of, and held to the order of, The Bank of New York.

Notes to the Accounts

10. Debtors	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Amounts receivable within one year				
Investments sold	–	–	1,389	1,389
Due from liquidator	82	82	120	120
Prepayments	16	16	16	16
Accrued income	187	187	255	255
	285	285	1,780	1,780

11. Creditors	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Amounts falling due within one year				
Investments purchased	106	106	–	–
Accrued expenses	330	330	374	374
Due to subsidiary	–	203	–	203
Sundry creditors	–	–	64	64
Bank loan (Note 13)	13,200	13,200	–	–
Unsecured Zero Coupon Loan Note 2004 (Note 14)	–	31,650	–	–
Subscription undertaking (Note 15)	–	10,605	–	–
	13,636	56,094	438	641

12. Creditors	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Amounts falling due after more than one year				
Long-term bank loan (Note 13)	–	–	13,200	13,200
Unsecured Zero Coupon Loan Note 2004 (Note 14)	–	–	–	31,650
Subscription undertaking (Note 15)	–	–	–	6,960
	–	–	13,200	51,810

13. Bank Loan	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Brought forward	13,200	13,200	19,200	19,200
Repaid during the year	–	–	(6,000)	(6,000)
Balance at 31st July	13,200	13,200	13,200	13,200

The Company has two fixed rate loans from The Royal Bank of Scotland, being one of £9,600,000 at 6.52% and another of £3,600,000 at 7.23%, both of which are repayable on 1st November 2004.

14. Unsecured Zero Coupon Loan Note 2004

	2003 Company £'000	2002 Company £'000
Loan due to subsidiary	**31,650**	31,650

The Company has issued to its subsidiary, GBAT Securities PLC, an unsecured subordinated loan note repayable on 1st November 2004.

The loan note is repayable at par on 1st November 2004 on a subordinated and limited recourse basis, subject to any restructuring of the obligation which might be approved by shareholders in the future, upon winding-up of the Company. As such the amount paid by the Company is dependent on the funds available to the Company. Repayment of the loan is subordinated to the prior claims of the unsecured bank loan and other unsecured creditors of the Company. The loan note is not subordinated to the ordinary shares of the Company.

15. Subscription Undertaking

	2003 Company £'000	2002 Company £'000
Brought forward	**6,960**	3,610
Increase in undertaking required to satisfy the accruing entitlement of the GBAT Securities PLC Zero Dividend Preference shares	**3,645**	3,352
Transfer re GBAT Securities PLC Special (Limited Rights) Preference share entitlement	**–**	(2)
Balance at 31st July	**10,605**	6,960

The Company has agreed to subscribe on 1st November 2004 (or upon earlier events set out in the agreement), to the extent that it is able, any funds necessary for GBAT Securities PLC to be able to satisfy the final entitlement of the GBAT Securities PLC Zero Dividend Preference shares.

It should be noted that the subscription agreement is subordinated to the prior claims of the unsecured bank loan and other unsecured creditors but not subordinated to the Ordinary shares. Any increase in the value of the assets of the Company over that required to fulfil the loan note obligation shown in note 14 will accrue to GBAT Securities PLC up to the then accruing subscription obligation.

16. Called-up Share Capital

	2003 Group and Company Shares	2003 Group and Company £'000	2002 Group and Company Shares	2002 Group and Company £'000
Authorised				
Ordinary shares of 1p	**160,000,000**	**1,600**	160,000,000	1,600
Allotted, Called-up and Fully-paid:				
Ordinary shares of 1p	**45,877,600**	**459**	45,877,600	459

The Company's wholly owned subsidiary, GBAT Securities PLC, has 31,971,646 Zero Dividend Preference shares in issue which are repayable on 1st November 2004 at 149.35p to the extent possible and which rank ahead of all the other issued share classes of the group for repayment.

17. Special Reserve

	2003 Group and Company £'000	2002 Group and Company £'000
Balance brought forward	**42,509**	42,509
Balance at 31st July	**42,509**	42,509

18. Capital Reserve – Realised

	2003 Group £'000	2003 Company £'000	(Restated) 2002 Group £'000	2002 Company £'000
Balance brought forward as previously stated	**(20,596)**	**(20,574)**	(8,516)	(8,407)
Prior year adjustment	**22,112**	**–**	–	–
Balance brought forward as restated	**1,516**	**(20,574)**	(8,516)	(8,407)
Net realised loss based on carrying values at the previous balance sheet date	**(2,352)**	**(2,352)**	(2,772)	(2,772)
Transfer from capital reserve: unrealised arising on disposal of investment	**(23,514)**	**(23,514)**	(4,723)	(4,810)
Expenses allocated to Capital reserve	**(607)**	**(607)**	(1,366)	(1,366)
Taxation allocated to Capital reserve	**–**	**–**	77	77
Capitalised dividends	**–**	**–**	54	54
Obligations to subsidiary	**–**	**(3,645)**	–	(3,350)
Non equity Minority Interest: GBAT Securities PLC Zero Dividend Preference shares	**3,813**	**–**	18,762	–
Balance at 31st July	**(21,144)**	**(50,692)**	1,516	(20,574)

19. Capital Reserve – Unrealised

	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Balance brought forward	**(48,297)**	**(48,277)**	(18,776)	(18,849)
Transfer to capital reserve realised arising on disposal of investments	**23,514**	**23,514**	(2,772)	(2,772)
Unrealised depreciation of investments arising during the year	**(2,068)**	**(2,072)**	(26,749)	(26,656)
Balance at 31st July	**(26,851)**	**(26,835)**	(48,297)	(48,277)

20. Revenue Reserve

	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Balance brought forward	**3,813**	**3,771**	1,302	1,266
Retained revenue for the year	**1,214**	**1,197**	2,511	2,505
Balance at 31st July	**5,027**	**4,968**	3,813	3,771

21. Capital Employed	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Balance brought forward	–	(22,112)	16,978	16,978
Distributable revenue	1,214	1,197	3,887	3,881
Dividends payable	–	–	(1,376)	(1,376)
Non-distributable capital losses	(1,214)	(8,676)	(19,489)	(41,595)
Equity shareholders' funds	–	(29,591)	–	(22,112)
Non Equity Minority interest	13,055	–	16,868	–
Balance at 31st July	13,055	(29,591)	16,868	(22,112)

22. Net Asset Values

The Net Asset Values per share are calculated in accordance with the Articles of Association and the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies issued in January 2003 (SORP) on attributable assets and shares in issue at the year end as follows:

(i) Per Ordinary share – on nil assets (2002: nil) and 45,877,600 (2002: 45,877,600) shares in issue at the year-end.

(ii) Per GBAT Securities PLC Zero Dividend Preference (ZDP) share on assets of £13,055,000 (2002: £16,868,000) and 31,971,646 (2002: 31,971,646) shares in issue.

A reconciliation of this basis to the FRS 4 basis is shown below:

	2003 Ordinary £'000	2003 ZDP £'000	2002 Ordinary £'000	2002 ZDP £'000
Available assets per Article basis	–	13,055	–	16,868
ZDP entitlement shortfall	(29,591)	29,591	(22,112)	22,112
Assets attributable per FRS4	(29,591)	42,646	(22,112)	38,980
Net Asset Value per FRS4	(64.5)p	133.4p	(48.2)p	121.9p

23. Total Return per Ordinary Share

(i) Group Revenue Return per Ordinary share (equivalent to Earnings per Ordinary share) is calculated on earnings of £1,214,000 (2002: £3,887,000) and a weighted average of Ordinary shares in issue during the year of 45,877,600 (2002: 45,877,600).

(ii) The Group Capital Return per Ordinary share is calculated on an adverse return for the year of £1,214,000 (2002: £19,489,000) and the weighted average of Ordinary shares in issue as above.

24. Contingent Liabilities and Commitmets

The Company has a commitment of £5,104,000 (2002: £8,770,000), falling due on 1st November 2004 under its obligation to its subsidiary in respect of entitlement to accrue the future redemption value of the GBAT Securities PLC Zero Dividend Preference Shares.

In common with other split capital investment trusts, the Group has received preliminary letters regarding potential future legal actions against it. No claim has been received by the Group. If any claims are received they will be considered on a case-by-case basis. Based on the letters received to date, there is insufficient information available at this time to estimate the likelihood of success or potential value of any subsequent claim which might arise. Of the letters received, some specify the individual shareholdings to which the potential claim relates. The Directors have assessed that the maximum likely liability in respect of these specific shareholdings, should any future claim be successful, would be immaterial to the Group.

At the year-end the Group had no other commitments (2002: £138,000) .

25. Cash Flow from Revenue Activities	2003 £'000	2002 £'000
Net Revenue before taxation	**1,214**	3,964
Adjusted for:		
Expenses paid, allocated to capital	**(283)**	(227)
Income received, allocated to capital	**–**	54
Interest expense	**354**	628
Decrease in accrued income and prepayments	**106**	143
Increase in sundry creditors and accruals	**153**	63
	1,544	4,625

26. Analysis of Changes in Net Debt	Balance 31st July 2002 £'000	Cash Flow 2003 £'000	Balance 31st July 2003 £'000
Cash at bank	1,845	**(771)**	**1,074**
Short-term deposits*	–	**2,000**	**2,000**
Bank loan	(13,200)	**–**	**(13,200)**
	(11,355)	**1,229**	**(10,126)**

*Short-term deposits, of which £2 million is held in order to prevent the Company from breaking its banking covenants, are included within cash at bank in the balance sheet.

27. Related Party Transactions

In accordance with Financial Reporting Standard No. 8, 'Related Party Disclosures', Gartmore Investment Limited, the Company's managers, are regarded as a related party. Management fees were paid to Gartmore Investment Limited at the rate disclosed in the Report of the Directors on page 14. Fees, including secretarial fees, payable by the Group for the year to 31st July 2003 amounted to £199,000 (2002: £379,000), plus value-added tax. Fees outstanding at the balance sheet date were £21,000 (2002: £33,000).

28. Risk Management, Derivatives and Other Financial Instruments

The Company invests in securities of predominantly UK companies and in fixed interest securities, with the majority of the portfolio being invested in equities. For further details please refer to page 2 and the Managers' Review on pages 8 to 9. The entire portfolio is held in equities, or in shares or securities convertible into equities, and fixed interest securities.

The main risks arising from the Group's pursuit of its investment objective are market price risk, credit risk and liquidity risk:-

(a) Market price risk is the possibility of financial loss to the Group arising from fluctuations in the value of its investments as a result of changes in market prices. The Directors meet regularly with the Managers to monitor the performance of the portfolio against market indices, and to review the performance of comparable investment trusts, and individual shares and securities, and sectors, both within and outside the portfolio. During the year to 31st July 2003, the Group has not used derivative instruments to hedge its portfolio, but, in such an event, the value of the derivative instruments held at the balance sheet date would be determined by reference to market value on that date.

(b) Credit risk is the exposure to loss from failure of a counter-party to deliver securities or cash for acquisitions or disposals of investments. The Group manages risk by using a database of approved brokers who have undergone rigorous due diligence checks by the Manager's Risk Management Team.

(c) Liquidity risk is the possibility of failure of the Group to realise sufficient assets to meet its financial liabilities. This risk is minimised through investing primarily in shares and securities of listed companies. The Group's liquidity is held in sterling, almost entirely on interest-bearing current accounts or short-term deposits in the money market. Deposits are rarely fixed for terms in excess of one month.

Financial Assets

The Group's financial assets are all denominated in Sterling and comprised the following:

	Floating rate £'000	Fixed rate £'000	No interest £'000	Total £'000
31st July 2003	3,074	–	23,332	26,406
31st July 2002	1,845	22	26,859	28,726

Floating rate financial assets comprise cash and short term deposits and interest is at the relevant bank's standard commercial rates.

Financial Liabilities

The Company is indebted to The Royal Bank of Scotland by way of two fixed loans, being £9.6 million at 6.52% interest per annum and £3.6 million at 7.23% interest per annum, unchanged from 31st July 2002, both repayable on 1st November 2004.

The Company is indebted to its subsidiary, GBAT Securities PLC, by way of an unsecured zero coupon loan of £31,650,000 (2002: £31,650,000). The loan is repayable at par on 1st November 2004 or such lesser amount that is available to be paid at that time.

The Company and its subsidiary have one class of non-equity share capital in issue, the GBAT Securities PLC Zero Dividend Preference shares, which give shareholders the right to a repayment entitlement which accrues at a fixed daily compounding rate up to the date of repayment. The full repayment of the GBAT Securities Zero Dividend Preference shares is, however, subject to sufficient growth in the value of the Group's portfolio being generated by the repayment date. At the year-end, Total Assets were not sufficient for the GBAT Securities PLC Zero Dividend Preference shares to be paid in full on their repayment date.

It has not been the Group's policy to hedge the capital accrual on the Zero Dividend Preference shares, or against movements in sterling against overseas currencies where these arise, whether direct or indirect.

At the year-end, the Group's financial instruments were as follows:-

	2003 Carrying Value £'000	2003 Fair Value £'000	2002 Carrying Value £'000	2002 Fair Value £'000
Assets:				
Shares and securities listed in the UK	**23,332**	**23,332**	26,881	26,881
Cash at Bank	**3,074**	**3,074**	1,845	1,845
Liabilities and non-equity capital:				
Bank loans	**(13,200)**	**(12,856)**	(13,200)	(13,608)
GBAT Securities PLC				
Zero Dividend Preference shares	**(13,055)**	**(9,751)**	(16,868)	(5,275)

Short-term debtors and creditors receivable or payable within one year of the balance sheet date are not included above. The fair value of the GBAT Securities PLC Zero Dividend Preference shares represents their market value at the year-end.

The fair value of the Group's listed shares and securities is based on realisable values at 31st July 2003.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Gartmore Balanced Assets Trust PLC will be held at the Registered Office of the Company, Gartmore House, 8 Fenchurch Place, London EC3M 4PB, on Monday, 1st December 2003 at 11.00 a.m. for the following purposes:

Ordinary Business

1. to receive the Report of the Directors and the Accounts for the year ended 31st July 2003, together with the Report of the Auditors;
2. to re-elect Anthony Townsend as a Director;
3. to re-appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration;
4. to approve the Directors' Remuneration Report for the year ended 31st July 2003.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
7th November 2003

Notes:

(1) A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. Such proxy need not be a Member of the Company. A Form of Proxy is enclosed. To be effective, the Form of Proxy must be deposited at the offices of the Company's Registrars not less than 48 hours before the time fixed for the Meeting.

(2) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of Ordinary shares registered on the Company's Register of Members at 11.00 a.m. on Saturday, 29th November 2003 shall be entitled to attend and vote at the meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the Register of members after 11.00 a.m. on Saturday 29th November 2003 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

(3) The Register of Directors' Interests in the capital of the Company will be available for inspection at the Meeting.

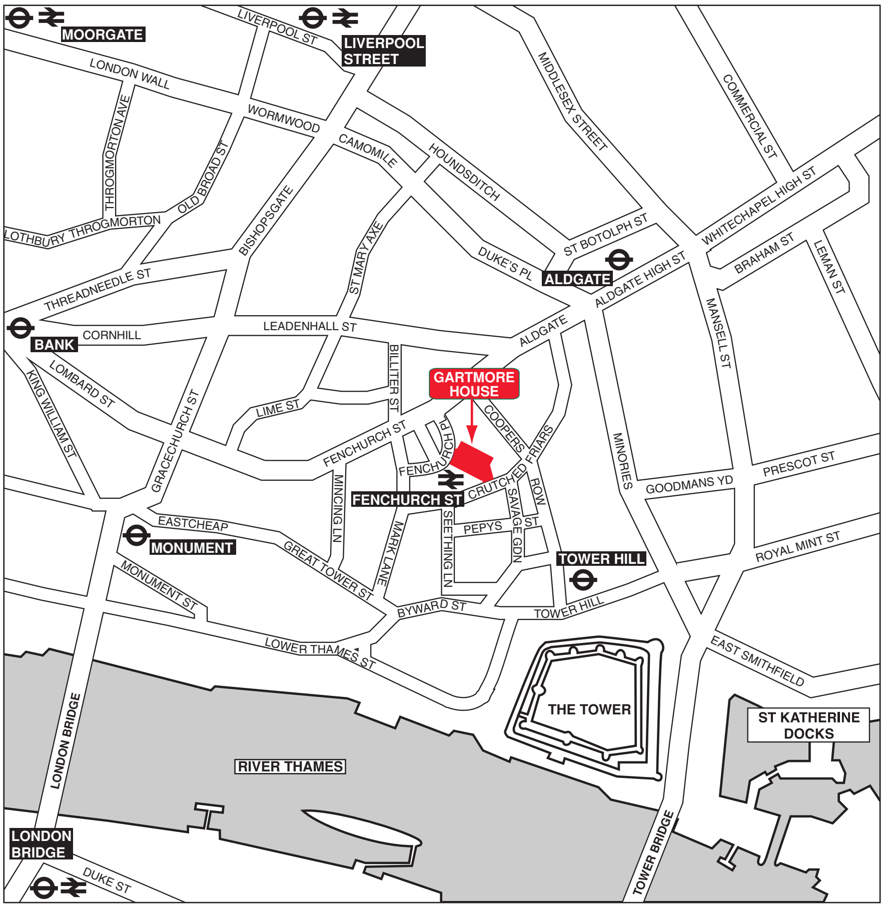
(4) No Director has a contract of service with the Company.

(5) Members are requested to notify the Company's Registrars of any change of address. This Report is forward to the address at present registered for communications.

Useful Information for Shareholders

Annual General Meeting

This year's Annual General Meeting will be held at the Registered Office of the Company, Gartmore House, 8 Fenchurch Place, London EC3M 4PB, on 1st December 2003 at 11.00 a.m.



The entrance to Gartmore House is adjacent to Fenchurch Street Railway Station on Fenchurch Place.

Financial Calendar

The financial Calendar for 2003/04 is set out below:

31st July	Company's year-end
1st November 2004	ZDP repayment date

Price and Performance Information

The Ordinary shares of the Company and the Zero Dividend Preference shares of GBAT Securities PLC are listed on the London Stock Exchange. The prices of the shares are published in the Financial Times under 'Investment Companies'.

Share prices together with their net asset values and the Company's Total Assets, which are calculated daily, can be viewed on the London Stock Exchange web site: www.londonstockexchange.com. Further information can be obtained from Gartmore as follows:

Free investor helpline:	0800-289 336
Internet address:	www.gartmore.com
e-mail address:	helpline@gartmore.com

Share Dealing

Investors wishing to purchase more shares in the Company, or sell all or part of their existing holdings, may do so through a stockbroker. Most banks also offer this service.

Useful Information for Shareholders

Share Register Enquiries

The Company's Registrars, Lloyds TSB Registrars Scotland, maintain the share registers. In the event of queries regarding your shareholding, please contact the Registrars on 0870-601 5366. Alternatively, there is now a range of shareholder information on line. You can check your shareholding and find practical help on transferring shares or updating your details at www.shareview.co.uk. Changes of name or address must be notified in writing to the Registrars.

SAVE*it*, ISA*it* and PEP*it* Enquiries

Details of the Gartmore Savings Plan, SAVE*it*, and the Gartmore tax-free Individual Savings Account, ISA*it*, are set out on page 42 of this Report.

Enquiries about SAVE*it*, PEP*it* and ISA*it* should be directed to:–

Investor Helpline	– Call free on 0800-289 336
Administration Helpline	– Call on 0870-601 6133
Administration Fax	– 0870-888 3033
email	– helpline@gartmore.com

Fact Sheets/SNIP*its*

Shareholders automatically receive a regular Gartmore investment trusts newsletter, SNIP*its*.

A FastFacts booklet, which contains statistics for the whole range of Gartmore managed investment trusts, is published monthly and is also available on request from Gartmore Investment Limited, Gartmore House, 8 Fenchurch Place, London EC3M 4PB, or call free on 0800 289 336.

Company Administration

Managers and Secretaries
Gartmore Investment Limited
Gartmore House
8 Fenchurch Place
London EC3M 4PB

Auditors
Ernst & Young LLP
Registered Auditor
1 More London Place
London SE1 2AF

Registrars and Transfer office
Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ
Tel: 0870-601 5366

Registered No. 3833163
England and Wales

Registered Office
Gartmore House
8 Fenchurch Place
London EC3M 4PB

Capital Gains Tax

Under present legislation, the annual capital gains of private individuals in excess of £7,900, after any tapering relief, are usually added to taxable income and charged to tax accordingly. Investment trust companies are able to switch investments without liability to capital gains tax.

The Association of Investment Trust Companies

The Company is a member of The Association of Investment Trust Companies, which produces monthly publications of detailed information on the majority of investment trusts. This information is also available on the Association's internet site, www.itsonline.co.uk . The Association of Investment Trust Companies can be contacted by telephone on 020-7282 5555, or by post to Durrant House, 8-13 Chiswell Street, London EC1Y 4YY.

The Managers

The following Gartmore-managed investment trusts are available through the Gartmore SAVE***it*** and ISA***it*** schemes:

Gartmore European Investment Trust p.l.c.
Long-term capital growth from investment in Continental Europe, with a focus on larger companies.

Gartmore Fledgling Trust plc
Long-term growth in capital and dividends from investment in the constituents of the FTSE Fledgling Index (ex Investment Companies). The investment policy combines indexation with a small active overlay.

Gartmore Global Trust PLC
Capital growth from active investment on a worldwide basis.

Gartmore Growth Opportunities plc
Capital appreciation from investment in a diverse portfolio of UK smaller companies.

Gartmore Irish Growth Fund PLC
Long-term capital growth from investment in companies incorporated in the Republic of Ireland or Northern Ireland.

Gartmore Smaller Companies Trust p.l.c.
Long-term capital and income growth from a focused portfolio of smaller UK companies.

Investing in Gartmore Investment Trusts

Gartmore has a range of savings schemes that offer a simple and cost-effective means of buying shares in this and a number of other Gartmore-managed investment trusts, details of which are given on page 41. There are three flexible schemes: SAVE*it*, ISA*it* and PEP*it*. Brief details of each scheme follow:

SAVE*it*, a low-cost, easy to use and flexible savings scheme

Regular savings from £50 per month **Lump sum investments from £1,000**

SAVE*it* is the savings scheme for a number of investment trusts managed by Gartmore. There is the choice to invest in the UK or overseas.

There is a dealing fee on share purchases of just 1% and no annual or exit fees. Moreover, you may switch from one Gartmore trust to another within the scheme at a cost of only 1% of the repurchase value. There is no maximum investment level.

ISA*it* – a tax-efficient way to invest

Regular savings from £100 per month **Lump sum investments from £3,000**

ISA*it* is the Individual Savings Account (ISA) for a number of investment trusts managed by Gartmore. It offers income and capital gains tax concessions. Investments held within ISA*it* are not subject to capital gains tax. Moreover, a 10% tax credit on all dividend distributions may be reclaimed up to 5 April 2004.

There is an initial charge of 3% and an annual fee of 0.5% (plus VAT). Switches from one Gartmore trust to another within the scheme are available at a cost of only 1% of the repurchase value.

PEP*it* Transfers – available for the transfer of existing schemes

The minimum transfer value from another PEP provider is £3,000

PEP*it* is the Personal Equity Plan (PEP) for a number of investment trusts managed by Gartmore. Although PEPs are now closed to new investment, existing plans can continue indefinitely.

If you are an existing PEP*it* investor, you may switch from one Gartmore trust to another within the scheme, at a cost of 1% of the repurchase value. If you have a PEP with another Plan Manager, you may transfer existing schemes from previous tax years to PEP*it*.

For PEP transfers, there is an initial charge of 3%. For all plans there is an annual fee of 0.5% (plus VAT).

How to receive further information

Write to: Gartmore Investor Services, Gartmore House, 8 Fenchurch Place, London EC3M 4PB
Call free: 0800-289 336 email: helpline@gartmore.com Internet: www.gartmore.com

Telephone calls may be recorded.

IMPORTANT INFORMATION

If you have any doubt whether this product is suitable for you and wish to obtain personal advice, please contact an independent financial adviser.

The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance is not necessarily a guide to future performance. Investment Trusts can borrow money to make additional investments on top of shareholders' funds (gearing). Particular share classes may also be structurally geared by other share classes that have prior call on the Company's assets up to a predetermined limit. Any bank borrowing will be repaid before the share classes. Geared Investments may be subject to sudden and large falls in value and you could get back nothing at all. Smaller company shares may be less marketable and experience greater price volatility than larger company shares. Investment trust shares may trade at a discount or premium to the value of the investment trust's assets. Some investment trusts have warrants in issue, which, when exercised may dilute the Company's net asset value. Emerging markets are volatile and may suffer from liquidity problems. Changes in rates of exchange between currencies may also cause the value of investments to decrease or increase. The annual management fee may be charged to the capital of the fund. This may accordingly restrict capital growth. The level of yield may be subject to fluctuation and is not guaranteed. ISAs were introduced on 6 April 1999 for an initial ten-year period. A 10% tax credit on all dividend distributions may be reclaimed up to 5 April 2004. The favourable tax treatment for ISAs may not be maintained. The value of current tax relief depends on individual circumstances. If you have any doubt about your tax position, you should seek professional advice.

GBAT Securities PLC

Report and Accounts
for the year to 31st July 2003

Contents

GBAT Securities PLC

Registered Office:
Gartmore House
8 Fenchurch Place
London EC3M 4PB

Registered No. 3833167 England and Wales

Report of the Directors
for the year ended 31st July 2003

GBAT Securities PLC

The Directors submit their Report and the Accounts for the year ended 31st July 2003.

Business and Status

The Company was incorporated on 24th August 1999. On 11th September 2002 the Company changed its name from GSCOT Securities PLC to GBAT Securities PLC. It is registered in England and Wales as a public limited company and it is an investment company under section 266 of the Companies Act 1985. The Company operated as an investment company throughout the year. The Company's Zero Dividend Preference Shares are listed on the London Stock Exchange.

It is expected that the Company will be wound-up in accordance with the Articles of Association on 1st November 2004.

Results and Dividends

Profit after taxation for the year ended 31st July 2003 amounted to £16,000 (2002: £6,000), No dividends on the Ordinary shares have been paid or are proposed for the year ended 31st July 2003, but £3,645,000 has been appropriated to the Zero Dividend Preference shares (2002: £3,352,000) leaving £3,629,000 (2002: £3,346,000) to be transferred from the Profit and Loss Account.

Net Assets

At 31st July 2003, the value of Net Assets amounted to £13,055,000 (2002: £16,868,000).

Share Capital

The entire issued Ordinary share capital of the Company is beneficially owned by Gartmore Balanced Assets Trust PLC.

Purchase of Own Shares

The current authority, which permits the purchase of up to 4,795,746 Zero Dividend Preference shares, will expire at the conclusion of the forthcoming Annual General Meeting. Accordingly, Special Resolutions will be proposed in the Notices of the Annual General Meeting of the Company and of the Separate Class Meeting of the Zero Dividend Preference shareholders, on pages XIII and XIV, to authorise the Company to make market purchases for cancellation of up to 4,795,746 Zero Dividend Preference shares.

Voting Rights

Ordinary shareholders have the right to attend and vote at any General Meeting of the Company and are entitled to one vote in respect of each Ordinary share held. Zero Dividend Preference (ZDP) shareholders do not have the right to receive Notice or vote at any General Meeting of the Company, unless the business of the meeting includes the consideration of a resolution affecting the special rights and privileges attaching to these shares or on a resolution to wind-up the Company.

On occasions when the ZDP holders are entitled to vote, every holder has one vote for every ZDP share held.

Individual Savings Accounts

The Company's Zero Dividend Preference shares are listed on the London Stock Exchange, and qualify for inclusion in a tax-free Individual Savings Account.

Directors

Alan Clifton and Anthony Townsend served as Directors throughout the year. Neil Osborn and John Stanley resigned on 22nd January 2003. Anthony Townsend will be retiring from office at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Directors' Interests in Shares

	31st July 2003 Zero Dividend Preference shares	1st August 2002 Zero Dividend Preference shares
Alan Clifton	**20,000**	20,000

None of the Directors has or has had an interest in the Ordinary share capital of the Company.

The Directors' interests in the share capital of Gartmore Balanced Assets Trust PLC, of which the Company is a wholly-owned subsidiary, are shown in the Report and Accounts of that company.

There were no changes from 31st July 2003 to the date of this report.

No Director has a contract of service with the Company. There were no contracts or arrangements at any time during the year or since in which a Director of the Company was materially interested, either directly or indirectly.

Report of the Directors for the year ended 31st July 2003

GBAT Securities PLC

Management and Custody

The Company's investments are managed by Gartmore Investment Limited under a Management, Secretarial and Administration Agreement. The management fee payable under the Agreement is paid by the Company's parent, Gartmore Balanced Assets Trust PLC. The Bank of New York provides custodian services to the Company pursuant to the Agreement.

Going Concern

The Company's Articles of Association provide that the Company will wind up on 1st November 2004 unless prior to that date the shareholders formally vote in favour of a proposal to re-structure or otherwise extend the life of the Company.

Given the extremely high hurdle rate and the impending ZDP repayment date the Directors have concluded that they believe it is not appropriate for the financial statements to be prepared on a going concern basis and therefore the financial statements have been prepared on a break-up basis. The Company's investments have been stated at their realisable values. Winding up costs have been accrued in the Company's parent, Gartmore Balanced Assets Trust PLC.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as Auditors to the Group and a resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board,
Gartmore Investment Limited
Secretaries
23rd October 2003

Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the Company's affairs at the end of the year and of its profit or loss for the year then ended. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company, for maintaining adequate systems of internal control, and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The Company has not produced a corporate governance statement because it is managed in the same way as its ultimate holding company which has included the appropriate corporate governance disclosures in its accounts.

Independent Auditors' Report to the Members of GBAT Securities PLC

GBAT Securities PLC

We have audited the company's financial statements for the year ended 31st July 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein. The financial statements have been prepared on the break up-basis.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Directors, Notice of Annual General Meeting and Notice of Class Meeting of Zero Dividend Preference shareholders. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our repsonsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company as at 31st July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
23rd October 2003

Profit and Loss Account
for the year ended
31st July 2003

GBAT Securities PLC

	Notes	2003 £'000	2002 £'000
Investment income	2	**16**	15
Administrative expenses		**–**	(9)
Profit on ordinary activities before and after taxation		**16**	6
Non-equity Appropriations	11	**(3,645)**	(3,352)
Retained loss for the year		**(3,629)**	(3,346)
Loss per Ordinary share		**£10.67**	£4.00

Statement of Total Recognised Gains and Losses
for the year ended
31st July 2003

	Notes	2003 £'000	2002 £'000
Unrealised profit on listed investment	10	**4**	(6)
Unrealised loss on unlisted investment	10	**(3,833)**	(15,152)
Movement for the year		**(3,829)**	(15,158)
Retained loss for the year	11	**(3,629)**	(3,346)
Total recognised losses		**(7,458)**	(18,504)

The Notes on pages X to XV form part of these Accounts.

Balance Sheet
at 31st July 2003

GBAT Securities PLC

	Notes	At 31st July 2003 £'000	At 31st July 2002 £'000
Fixed Assets			
Investments at valuation:			
Listed investment	4	–	148
Unlisted investment	5	–	16,498
		–	16,646
Current Assets			
Listed investment	4	152	–
Unlisted investment	5	12,665	–
Debtors	6	203	203
Cash at bank		35	19
Net Assets		13,055	16,868
Capital and Reserves			
Called-up share capital	7	5	5
Share premium account	8	–	31,970
Special reserve account	9	31,970	–
Non distributable revaluation reserve	10	(19,004)	(15,175)
Profit and Loss account	11	84	68
Shareholders' Funds	12	13,055	16,868
Attributable to:			
Equity shareholders		(29,591)	(22,112)
Non-equity shareholders:			
Zero Dividend Preference Shares		42,646	38,980
		13,055	16,868
Net Assets per share (as per FRS4)	13		
Zero Dividend Preference shares		£1.33	£1.22
Ordinary shares		(£19,727.33)	(£14,741.33)
Available Assets per share (as per Articles)	13		
Zero Dividend Preference shares		£0.41	£0.53
Ordinary shares		Nil	Nil

Alan Clifton
Chairman

Approved by the Board on 23rd October 2003

The Notes on pages X to XV form part of these Accounts.

GBAT Securities PLC

1. Accounting Policies

The accounts have been prepared on the basis of the accounting policies used by the Company's parent, Gartmore Balanced Assets Trust PLC, which comply with applicable accounting standards. GBAT Securities PLC is not an investment trust and unlike previous years its accounts for 31 July 2003 have not been prepared under the Statement of Recommended Practice for Investment Trusts ("SORP") and 2002 comparatives have been restated. The Statement of Total Return prepared in previous years has been replaced with a Profit and Loss Account and Statement of Total Recognised Gains and Losses. Revenue Reserve and Unrealised Reserve have been replaced with Profit and Loss Account and Revaluation reserve respectively. The annual incremental entitlement of the Zero Dividend Preference shares of £3,645,000 (2002: £3,352,000) has been appropriated from the Profit and Loss Account rather than Capital Reserve.

The balance of the Profit and Loss Account at 31st July 2003 is the same as the Revenue Reserve balance would have been under the previous treatment, however the comparative is £26,000 greater than the Revenue Reserve balance in last year's accounts.

The principal accounting policies adopted are described below.

Accounting Period

These accounts cover the year from 1st August 2002 to 31st July 2003.

Accounting Convention

The financial statements have been prepared on a break-up basis reflecting the likelihood that the company will wind up on 1st November 2004, the repayment date for the GBAT Securities ZDP shares. Accordingly, all assets and liabilities have been reclassified as current assets and liabilities. All listed investments have been stated at their realisable values. A provision has been made for the costs for winding up the Group. It is assumed that bank loans will be repaid on their due date of 1st November 2004, so no breakage costs have been accrued.

Revenue and Expenses

Income includes dividends from investments marked ex-dividend on or before the balance sheet date, with the exception of dividends of a capital nature which are credited to Capital reserve. In accordance with Financial Reporting Standard No. 16 'Current Tax', UK franked dividends are shown exclusive of any tax credit.

Deposit and bond interest receivable, expenses and interest payable are recognised on an accruals basis.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting on the basis of enacted tax rates.

Investments

Investments are treated as current assets and are shown in the balance sheet at their realisable values. The unrealised difference between book-cost and valuation is included in the statement of total recognised gains and losses.

Investments listed in Great Britain are valued at their realisable values at the close of business on the balance sheet date.

The unlisted investment is included at a value based on the available assets of the parent as stated in its accounts. See Note 5.

Profits or losses on the realisation of investments are taken to the profit and loss account.

2. Investment Income

	2003 £'000	2002 £'000
Dividends from UK investment	**15**	14
Interest	**1**	1
	16	15

Notes to the Accounts

GBAT Securities PLC

3. Administrative Expenses

The Directors receive no remuneration in respect of their services to the Company. The audit fees are paid by the parent company on behalf of the subsidiary.

4. Listed Investment	2003 £'000	2002 £'000
Book cost brought forward	**171**	171
Unrealised depreciation	**(19)**	(23)
Valuation of investment at 31st July	**152**	148

The listed investment is listed in Great Britain and has been included in the balance sheet at its realisable value based on bid market price on the balance sheet date. The listed investment is registered in the name of a nominee of, and held to the order of, The Bank of New York as custodians to the Company. As the financial statements have been prepared on a break-up basis the listed investment has been reclassified from fixed to current assets.

5. Unisted Investment	2003 £'000	2002 £'000
Book cost brought forward	**31,650**	31,650
Unrealised depreciation	**(18,985)**	(15,152)
Valuation of investment at 31st July	**12,665**	16,498

The unlisted investment comprises an Unsecured Zero Coupon Loan to the Company's parent, Gartmore Balanced Assets Trust PLC (GBAT), with a nominal value of £31,650,000. The loan has been reclassified from fixed to current assets.

The Loan is repayable at par on 1st November 2004 on a subordinated and limited recourse basis. As such the amount owed to the Company is dependent upon the funds available from GBAT on its winding-up unless the obligation is restructured. Consequently the loan has been written down to the value of the available assets as indicated by the Report and Accounts of that company. Repayment of the Loan is subordinated to the prior claims of the unsecured bank loan and other unsecured creditors of GBAT, but not subordinated to the Ordinary shares of that Company.

6. Debtors	2003 £'000	2002 £'000
Amounts receivable within one year:		
Due from parent company	**203**	203

GBAT Securities PLC

7. Called-up Share Capital

	2003 £'000	2002 £'000
Zero Dividend Preference shares of 0.001p each:		
31,971,646 (2002: 31,971,646) shares allotted, issued, called-up & fully-paid	**1**	1
Ordinary shares of £1 each:		
1,500 (2002: 1,500) shares allotted, issued, called-up & fully-paid	**2**	2
Special (Limited Rights) Preference shares of £1 each:		
2,001 (2002: 2,001) shares allotted, issued, called-up & fully-paid	**2**	2
	5	5
Authorised share capital:		
140,000,000 (2002: 140,000,000) Zero Dividend Preference shares of 0.001p each	**1**	1
1,500 (2002: 1,500) Ordinary shares of £1 each	**2**	2
2,001 (2002: 2,001) Special (Limited Rights) Preference shares of £1 each	**2**	2
	5	5

The Zero Dividend Preference shares are repayable on 1st November 2004 at 149.35p.

Gartmore Balance Assets Trust PLC is the beneficial owner of all the Company's Ordinary share capital. Pursuant to the terms of a subscription agreement between the Company and its parent, Gartmore Balanced Assets Trust PLC has undertaken, to the extent that it is able, to contribute any funds necessary to ensure that GBAT Securities PLC has sufficient assets to satisfy the final capital entitlement of the Zero Dividend Preference shares.

The Zero Dividend Preference shares rank in priority to the Ordinary shares, which are entitled to any surplus assets remaining after repaying the Zero Dividend Preference shares.

The Special (Limited Rights) Preference shareholders have the right to receive 0.01% on the nominal value of the shares payable annually in arrear. This would be payable in priority to the payment of any dividend to Ordinary shareholders, but has been waived by the current holder.

The voting rights attaching to each class of the Company's share capital are set out in the the Report of the Directors.

8. Share Premium Account

	2003 £'000	2002 £'000
Brought forward	**31,970**	31,970
Transfer to special reserve	**(31,970)**	–
Balance at 31st July	**–**	31,970

A Special Resolution was passed by the Company on 9th September 2002, allowing the share premium account to be cancelled. The Share Premium Account has been cancelled and a Special Reserve Account created, as confirmed by an order of the High Court of Justice, Chancery Division, dated 2nd October 2002 and registered with the Registrar of Companies on 7th October 2002.

9. Special Reserve

	2003 £'000	2002 £'000
Brought forward	**–**	–
Transfer from share premium account	**31,970**	–
Balance at 31st July	**31,970**	–

GBAT Securities PLC

10. Non Distributable Revaluation Reserve

	2003 £'000	2002 £'000
Brought forward	**(15,175)**	(17)
Depreciation of listed investment in the year	**4**	(6)
Depreciation of unlisted investment in the year	**(3,833)**	(15,152)
Balance at 31st July	**(19,004)**	(15,175)

11. Profit and Loss Account

	2003 £'000	2002 £'000
Brought forward	**68**	62
Loss for the year	**(3,629)**	(3,346)
Non-Equity Appropriation	**3,645**	3,352
Balance at 31st July	**84**	68

12. Reconciliation of movement in Shareholders' Funds

	2003 £'000	2002 £'000
Opening shareholders' funds	**16,868**	32,020
Total recognised losses	**(7,458)**	(18,504)
Non-equity appropriation	**3,645**	3,352
Total shareholders' funds at 31st July	**13,055**	16,868

13. Net Asset Values

The Net Asset Values per share are calculated as per FRS4 as follows:

(i) Per Ordinary share – on net liabilities of £29,591,000 (2002: £22,112,000) and 1,500 (2002: 1,500) shares in issue at the year-end.

(ii) Per Zero Dividend Preference (ZDP) share – on assets of £42,646,000 (2002: £38,980,000) and 31,971,646 (2002: 31,971,646) shares in issue at the year-end.

A reconciliation of this basis to the Articles basis is shown below:

	2003 £'000 Ordinary	2003 £'000 ZDP	2002 £'000 Ordinary	2002 £'000 ZDP
Assets attributable per FRS4 basis	**(29,591)**	**42,646**	(22,112)	38,980
Deficiency re unsecured loan note	**18,985**	**(18,985)**	15,152	(15,152)
Deficiency re subscription undertaking	**10,606**	**(10,606)**	6,960	(6,960)
Available Assets per Articles basis	**0**	**13,055**	0	16,868
Available Assets per share	**Nil**	**£0.41**	Nil	£0.53

Notes to the Accounts

GBAT Securities PLC

14. Risk Management, Derivatives and Other Financial Instruments

The Company's only investments are an unlisted Unsecured Zero Coupon Loan Note issued by its parent, Gartmore Balanced Assets Trust PLC, repayable on 1st November 2004 and a nominal holding of Jupiter Split Trust PLC income shares.

The Company is expected to be wound-up on 1st November 2004.

The main risks arising from the Company's financial instruments are market price risk and liquidity risk:

(a) Market price risk is the possibility of financial loss to the Company arising from fluctuations in the value of its investments as a result of changes in market prices.
The Loan Note issued by the Company's parent has a nominal value of £31,650,000.
It has been valued at £12,665,000 in the accounts (see Note 5). The Company has not used derivative instruments to hedge its portfolio during the period, but, in such an event, the value of the derivatives held at the balance sheet date would be determined by reference to their market value on that date.

(b) Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities. The Company's liquidity is held in sterling, almost entirely on interest-bearing current accounts or short-term deposits in the money market. Deposits are rarely fixed for terms in excess of one month, The Company had no borrowings at any time during the year ended 31st July 2003.

The Company has a class of non-equity share capital in issue; Zero Dividend Preference shares which give shareholders the right to a repayment entitlement that accrues at a fixed daily compounding rate of approximately 0.02463% up to the date of repayment on 1st November 2004. It has not been the Company's policy to hedge the capital accrual on the Zero Dividend Preference shares. The Company has a subscription agreement with its parent, Gartmore Balanced Assets Trust PLC, whereby the parent undertakes to contribute any funds necessary to satisfy the final capital entitlement of the Zero Dividend Preference shares. This arrangement is capable of being discharged by the available assets of the parent on 1st November 2004 without recourse, subject to any resturcturing of the obligation which might be approved by shareholders in the future, upon the winding-up of Gartmore Balanced Assets Trust PLC and is subordinated to any third party creditors.

At the year-end, the Company's financial instruments, all denominated in sterling, were as follows:

	2003 Carrying Value £'000	**2003 Fair Value £'000**	2002 Carrying Value £'000	2002 Fair Value £'000
Assets:				
Securities listed in the UK (Floating Rate)	**152**	**152**	148	148
Unsecured Zero Coupon Loan Note (No Interest)	**12,665**	**12,665**	16,498	16,498
Cash at Bank (Floating Rate)	**35**	**35**	19	19
Liabilities and non-equity capital:				
Zero Dividend Preference shares	**13,055**	**9,751**	16,868	5,275

The fair value of the securities listed in the UK and of the Zero Dividend Preference shares represents their realisable value at the year-end.

GBAT Securities PLC

The fair value of the Unsecured Zero Coupon Loan Note is based on the available assets of the parent as stated in its accounts. See Note 5.

Short-term debtors and creditors receivable or payable within one year of the balance sheet date are not included above.

15. Contingent Liabilities and Commitments

Gartmore Balanced Assets Trust PLC the Company's ultimate parent company has received preliminary letters regarding potential future legal actions against it. Although some of these letters have been addressed to GABT Securities PLC no claim has received by the Company. Further details can be found in the group accounts.

16. Ultimate Parent Company

Gartmore Balanced Assets Trust PLC is the Company's ultimate parent company. These accounts form an appendix to the Report and Accounts of Gartmore Balanced Assets Trust PLC and additional copies can be obtained from the Secretaries at the Company's Registered Office, Gartmore House, 8 Fenchurch Place, London EC3M 4PB.

17. Cash Flow

The Company has taken advantage of the exemption provided by FRS1 (revised 1996) 'Cash Flow Statements' to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement.

18. Related Party Transactions

The Company has taken advantage of the exemptions in FRS8 'Related Party Disclosures' relating to transactions between 90% or more controlled subsidiaries, by not disclosing information on related party transaction with entities that are part of the group.

Notice of Meeting

GBAT Securities PLC

Notice of class meeting of Zero Dividend Preference Shareholders

GBAT Securities PLC

NOTICE IS HEREBY GIVEN that a Separate General Meeting of the Zero Dividend Preference (ZDP) Shareholdes of GBAT Securities PLC will be held at Gartmore House, 8 Fenchurch Place, London EC3M 4PB, on Monday 1st December 2003 at 10.45 a.m. for the following purpose:

Special Business

To consider and if thought fit, pass the following resolution as an Extraordinary Resolution:

THAT the holders of Zero Dividend Preference shares ("ZDP shares") of 0.001p each in the Company hereby sanction and consent to:

(A) the purchase by the Company of any of the ZDP shares in issue pursuant to the authority proposed to be taken by the Company by way of a special resolution at the Company's annual general meeting convened for Monday 1st December 2003 at 12.30 p.m. ("AGM Resolution): and

(B) any modification to the loan note dated 8th November 1999 between the Company and Gartmore Balanced Assets Trust PLC required in order to allow the Company to effect the repurchase of ZDP shares in accordance with the terms of the AGM Resolution.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
7th November 2003

NOTES:

(1) A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. Such proxy need not be a Member of the Company. A Form of Proxy is enclosed. To be effective, the Form of Proxy must be deposited at the offices of the Company's Registrars not less than 48 hours before the time fixed for the Meeting.

(2) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of Ordinary Shares registered on the Company's Register of Members at 10.45 a.m. on Saturday, 29th November 2003 shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the Register of Members after 10.45 a.m. on Saturday, 29th November 2003 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

(3) The Register of Directors' Interests in the capital of the Company will be available for inspection at the Meeting.

(4) No Director has a contract of service with the Company.

(5) Members are requested to notify the Company's Registrar of any change of address. This Report is forwarded to the address at present registered for communications.

GBAT Securities PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of GBAT Securities PLC will be held at Gartmore House, 8 Fenchurch Place, London EC3M 4PB, on Monday 1st December 2003 at 12.30 p.m. for the following purposes:

Ordinary Business

1. **to receive the Report of the Directors and the Accounts for the year ended 31st July 2003, together with the Report of the Auditors;**
2. **to re-elect Anthony Townsend as a Director;**
3. **to re-appoint Ernst & Young LLP as Auditors.**

Special Business

To consider and if thought fit, pass the following resolution as a Special Resolution: THAT, subject to the passing of the Extraordinary Resolution set out in the notice of Separate General Meeting of the holders of Zero Dividend Preference shares ("ZDP shares") of 0.001p each in the Company convened for Monday 1st December 2003 at 10.45 a.m. the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the Act) to make one or more market purchases (within the meaning of Section 163(3) of the Act of ZDP shares subject to the following conditions:

(i) The maximum number of ZDP shares authorised to be purchased shall be 4,795,746

(ii) Immediately after purchase of any ZDP shares, the total assets of Gartmore Balanced Assets Trust PLC ("GBAT") are in excess of 238% and its qualifying assets are in excess of 125% of the Group's borrowings.

(iii) No purchase will be made at a price higher than the then current net asset value per ZDP share.

(iv) The authority hereby conferred shall expire on 1st November 2004, being the ultimate repayment date of the ZDP shares.

By Order of the Board
GARTMORE INVESTMENT LIMITED
Secretaries
7th November 2003

NOTES:

(1) A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote on his or her behalf. Such proxy need not be a Member of the Company. A Form of Proxy is enclosed. To be effective, the Form of Proxy must be deposited at the offices of the Company's Registrars not less than 48 hours before the time fixed for the Meeting.

(2) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of Ordinary Shares registered on the Company's Register of Members at 12.30 p.m. on Saturday, 29th November 2003 shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary shares registered in their name at that time. Changes to entries on the Register of Members after 12.30 p.m. on Saturday, 29th November 2003 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

(3) The Register of Directors' Interests in the capital of the Company will be available for inspection at the Meeting.

(4) No Director has a contract of service with the Company.

(5) Members are requested to notify the Company's Registrar of any change of address. This Report is forwarded to the address at present registered for communications.

Glossary of Investment Trust Terms

Asset Cover
The value of a company's net assets available to repay a certain security. Cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Gearing
The term applied to the effect produced by borrowings and prior charge share capital which tends to exaggerate the return on capital and revenue.

Hurdle Rate
The rate of compound annual growth at which a company's total assets are required to grow in order to repay each class of shareholder their predetermined entitlement, usually on the company's winding-up date.

Net Asset Value
The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. To calculate the net asset value per ordinary share, the current repayment values of all other classes of share are treated as liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio
This ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charge
The name given to either borrowings or any class of share which, in a winding-up of a company, ranks ahead of the final beneficiary of surplus assets, usually the ordinary shares.

Redemption Yield
The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.

Repayment or Redemption Reserves
The reserves established in a company's accounts to provide for the repayment of prior charge share capital, usually at the winding-up date.

Split-Capital Investment Trust
The term is used to describe investment trusts where the two basic entitlements of income and capital appreciation are given to separate classes of share. This is in contrast to an investment trust with only ordinary shares which are entitled to both income and capital appreciation.

Winding-up Date
The date specified in the Articles of Association for winding-up a company. Most split-capital investment trusts have a predetermined winding-up date.

Zero Dividend Preference Share
This is a preference share having no rights to income but an entitlement to capital repayment at a predetermined value usually on the company's winding-up.

Gartmore Balanced Assets Trust PLC

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